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NEWS SUMMARY

GENERAL Italian election setback or PCI Coffee and Lead prices rise

Business EQUITIES lost ground and the FT ordinary index, which had lost 7.5 by 11 am, closed 2.6 down at 516.3.

Italy Accra said a rebel group by an air force lieutenant taken control of Ghana.

Paraguay push Sandinista guerrilla movement called a general strike in Paraguay.

Uzorewa raid rhodesia attacked. rhodesia attacked. rhodesia attacked.

Seveso payout Hoffman La Roche, the Swiss pharmaceutical company, said it had paid out about \$11.6m in damages to people affected by escape of toxic gas from one of its plants in Seveso, Italy, 1976.

Amplonra riot Police charged demonstrators who threw up barricades in Pamplona, Spain, protesting against the killing of a young woman during an anti-nuclear demonstration on Friday.

Telex ... a Roman case cup sold for at Saturday's early bidding previous record (£75,000) an item of glass, Page 8.

COMPANIES PRITCHARD Services Group reports pre-tax profits up 18 per cent in 1978 at £2.57m (£2.16m) on turnover 17.6 per cent ahead at £53.38m (£45.99m). Page 20.

Table with columns: RISES, Sound Diffusion, Sunley (B.), Thermal Syndicate, Western Bios, BP, Ultramar, West Drierfontein. FALLS, Exchange, Brown (J.), Dyer (M.), Grand Met., Stylo Shoes, Charter Cons., Cons. Gold, Western Deep.

Vorster quits after new report accuses him of cover-up

BY QUENTIN PEEL IN JOHANNESBURG

Mr. John Vorster, the South African President and former Prime Minister, resigned yesterday after he was named jointly responsible for massive mis-spending in his former Information Department.

He was accused by a commission of inquiry into the secret propaganda projects run by the former department, of giving false evidence, and of covering up the existence of gross irregularities in its spending, including the secret financing of a pro-Government newspaper.

Details of report, Page 4

British Steel to increase prices from July 1

BY ROY HODSON

BRITISH INDUSTRY faces an extra £100m on its annual steel bill during the next full year after the British Steel Corporation raises its prices from July 1.

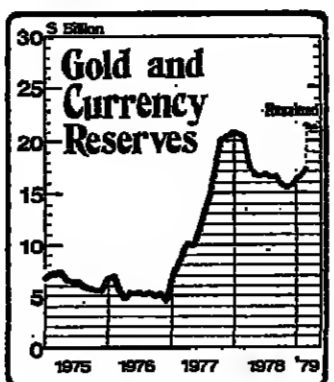
Airways raises Debenture bid

BY CHRISTINE MOIR

THE AIRWAYS Pension Scheme, the British Airways pension fund, has increased its offer for Debenture Corporation in a move which is claimed as a boost for the whole investment trust movement.

South Africa: (1) how Muldergate caught up with Mr. Vorster (2) the Erasmus Report

Table with columns: American News, Appointments, Arts, Basic Rates, Commodities, Companies, Crossword, Entertainment, European News, European Options, FT Actuarial, Int. Companies, Jobs Column, Leader Page, Letters, Lex, Lombard, Management, Men & Matters, Mining, Money, News, Overseas News, Raising, Share Information, Stock Markets, Wall Street, World News, Today's Events, TV & Radio, UK News, Unemployment, Weather, World Trade News, World value of E 27, ANNUAL STATEMENTS, Charterhouse Gp, Est. & Genl. Inv., Jackson Group, Metzco Co., Morris Slakey, Morrison Bromley, Sunlight Glass, Watford Gp.



Reserves up \$65m in May

BY DAVID FREUD

BRITAIN'S GOLD and currency reserves rose by \$65m (£31m) in May, said figures released by the Treasury yesterday.

British Rail cuts services to save fuel

BY KEVIN DONE AND IAN HARGREAVES

BRITISH RAIL is to cut its diesel train passenger services by 7 per cent from next week because of cuts in fuel supplies.

Iraq oil up 64 cents

IRAQ HAS imposed a further rise of 64 cents a barrel for its lighter grades, bringing its Basrah light to \$17.00 a barrel, compared with the \$14.55 a barrel that is still being charged by Saudi Arabia for its similar Arabian light "marker" crude.

British Rail cuts services to save fuel

BRITISH RAIL'S finances and makes an autumn round of fare increases virtually certain. Esso's move means that all the major UK oil companies have started rationing oil products.

Esso's reduction in supplies will hit deliveries of fuel oil and middle distillates, products such as diesel, heating oil and aviation fuel, most heavily.

Esso is expected to announce full details of its rationing scheme today. It is understood that supplies will be cut overall to 95 per cent of last year's deliveries.

IRAQ HAS imposed a further rise of 64 cents a barrel for its lighter grades, bringing its Basrah light to \$17.00 a barrel, compared with the \$14.55 a barrel that is still being charged by Saudi Arabia for its similar Arabian light "marker" crude.

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EUROPEAN NEWS

Anti-EEC forecast in Denmark

By Hilary Barnes in Copenhagen ANTI-MARKET parties stand to win 38 per cent of the votes cast in the European elections in Denmark on Thursday, according to a Gallup poll. This would give the anti-EEC group of parties, which have formed an electoral alliance, six of metropolitan Denmark's 15 seats. The country's 16th seat will go to Greenland, also expected to elect an anti-market candidate.

MR. SILKIN'S 'LABOUR-VERSUS-TORY' BATTLE

'Bad boy' on the attack

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

"THIS IS how the Common Agricultural Policy works: Imagine a row of shops near your home. All of them sell identical products. But you are only allowed to shop in one of them and butter costs four times as much there as in the others.

clearly in the hope they will be listening to a future leader of the Labour Party, and he does not disappoint them. Appropriately, his structures on the inequities of the Common Market and the high cost of membership, delivered in a measured baritone, sound a little like a Sunday sermon.



Pym urges Community to take action on defence

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE IMPORTANCE of the EEC using its economic strength to develop Western defences against the Soviet Union was stressed yesterday by Mr. Francis Pym, the British Defence Secretary. His remarks underline the weekend speech made by Mrs. Margaret Thatcher, the UK Prime Minister, in which she emphasised the important role which the enlarged Community could have as a bastion against Soviet expansion.

emphasised the separate role of NATO and the EEC. He said the close association between the Nine was bound to have an effect on foreign and defence policy even though these areas were outside the Treaty of Rome.

issue at the economic summit in Tokyo later this month. At Labour's news conference, however, Mr. Benn claimed that the Prime Minister's weekend speech had created a great deal of anxiety. He drew the distinction between the Pope's "mission of peace" in Poland and Mrs. Thatcher's "cold war politics".

Envoy's critical despatch is nonsense, says Benn

BY OUR PARLIAMENTARY STAFF

SIR NICHOLAS HENDERSON, the former British ambassador to Paris, who drew up a controversial despatch on Britain's economic decline, yesterday came in for scathing criticism from Mr. Anthony Wedgwood Benn, the former Energy Secretary.

helpful adjustments to British policy had not been made. From the time of the abandonment of the East of Suez policy, they had resisted every realistic assessment of Britain's role, he said.

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Poll workers short of cash and energy

BY ELINOR GOODMAN, LOBBY STAFF

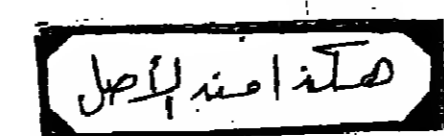
FOR BRITAIN'S political parties, the European election is an exercise in democracy they could well have done without at this juncture. Having just fought a general election and, in many areas, local government and parish elections as well, the parties are short of both money and energy.

Labour candidates will have anything like the £15,000 or so they could spend under the law on election expenses.

INDEPENDENT Television News is to start its coverage of the European election count half an hour ahead of the BBC immediately after News at Ten.

Moreover it is not only the voters who have shown lack of interest in the European campaign. Until this week neither of the leaders of the main political parties had given much time to fighting the campaign.

INDEPENDENT Television News is to start its coverage of the European election count half an hour ahead of the BBC immediately after News at Ten. It has signed up Mr. Edward Heath, Mr. Jo Grimmond and Mr. Peter Shore to form part of their line-up of politicians to be interviewed during the night's viewing.



French inter-party squabbling grows more strident

BY DAVID WHITE IN PARIS

CREASED domestic quarrelling within the ruling Majority inside the opposition has become the main feature of France's European election campaign.

The Gaullist RPR received at a weekend its lowest score so far in an opinion poll—12 per cent against 31 per cent for the SF. At the same time, however, it was able to show off its lent for gathering crowds of supporters, at a mass rally in Bois de Boulogne attended by some 50,000.

M. Jacques Chirac, the RPR leader, charged his Giscardian rivals with trying to usurp part of the Gaullist vote by "an extraordinary exercise in mystification." Amid 13,000 pots of red, white and blue flowers and 1,000 "Jacques Chirac" balloons, and backed by a giant glass of Lorraine, he refused the UDF's right to claim that its era of Europe was in line with a late President de Gaulle's.

"What separates us from the DF is incomparably deeper than what unites us," M. Chirac said. Gaullist members of the Government were not present at the rally.

M. Raymond Barre, the Prime Minister, said at a rally of young Giscardians—a more modest gathering of 2,000—that a campaign was "full of terror motives" connected with the 1981 Presidential election and that many of the arguments had nothing to do with the European Parliament.

M. Barre's open support for the UDF against the Gaullists has been a cause of attack from the RPR leadership. "It's a near thing that they haven't stopped me speaking on television," M. Barre said.

On the other side of the fence, the Socialist Party's executive bureau has accused the Communist Party of using "fantastic and mendacious allegations" and of pursuing a campaign "which only benefits the Right."

M. Georges Marchais, the Communist leader, replied in relatively moderate terms, saying he refused to be drawn into "sterile argument."

After "Springtime of Socialist Europe" festivities a week earlier, the Paris region was treated to a total of four political fetes over the weekend.

Apart from the Gaullists and the Young Giscardians, the Young Communists were distributing Couscous and Che Guevara tea-shirts, and the Trotskyist Lutte Ouvrière was inviting participants' children to try their hand at fairground abies, where the targets included British Prime Minister Margaret Thatcher and West German Chancellor Helmut Schmidt as well as French Government leaders.

803 stand trial over Turkish riot deaths

By Mesin Mimir in Ankara

THE BIGGEST trial in the country's history opened in the south-eastern Turkish town of Adana yesterday. A total of 803 people are standing trial of whom 330 are facing the death penalty.

The city's covered basketball stadium has been converted into a courtroom to accommodate the trial by military tribunal.

The defendants, who include a number of housewives, are charged with incidents connected with the riots six months ago in the south-eastern town of Kahramanmaraş where 111 people were killed.

The clashes in Kahramanmaraş, a market town of 250,000 inhabitants, were between the Sunni and Alevi sects and were provoked by extreme left and right-wing factions. The majority of Turks are Sunnis, Islam's orthodox sect. The Alevites, akin to the Shi'ites in neighbouring Iran, generally support liberal or left-wing causes.

The trial opened at a time when the political and economic fortunes of Mr. Bulent Ecevit, the Prime Minister, appear to have reached a turning point.

Four deputies have recently resigned from Mr. Ecevit's left-of-centre Republican People's Party. The 17-month-old administration has been further weakened by the resignation of Mr. Enver Akova, the Minister of State and one of the 10 or so independent right-wing members supporting Mr. Ecevit.

The Prime Minister was able to replace Mr. Akova with another independent right-wing member, Mr. Hasan Korkut. However, his national assembly majority is now precariously thin and, equally important, the administration appears to have lost its vigour and self-confidence.

More resignations may be in the offing.

CHANCELLOR SCHMIDT MEETS PRESIDENT CARTER

Energy and arms underlie Washington talks

BY JONATHAN CARR IN BONN

THE SECURITY of the Western world—particularly in energy and arms—will be the underlying theme in talks tomorrow in Washington between Chancellor Helmut Schmidt and President Jimmy Carter.

Herr Schmidt, who leaves for the U.S. today, is concerned that the sharp rise in oil prices could move the Western economies closer to a recession—and that Washington's recent subsidy on some oil imports is likely to reinforce this trend.

He also feels that a failure by Congress quickly to ratify the new Strategic Arms Limitation Treaty (SALT II) agreement between the U.S. and the Soviet Union could bring another arms race and a return to the cold war.

These concerns are likely to emerge not only in Herr Schmidt's talks with Mr. Carter but also during his working breakfast with Mr. Zbigniew Brzezinski, the U.S. National Security Affairs adviser, which precedes them. The Chancellor's programme also includes visits to Harvard and South Carolina Universities and to Boston and New York.

Despite the German surprise which greeted the U.S. subsidy on light heating oil imports, quickly followed by Bonn's sharp, private condemnation of the measure, the West Germans are publicly going out of their way to try to create a good atmosphere for the forthcoming talks.

It is felt public strife will do little good—particularly so soon before the Western economic summit meeting in Tokyo at the end of this month.

Accordingly, the Chancellor is renewing praise for his relations with President Carter, and has confined himself publicly to calling it "a pity" that the U.S. leader has encountered so much opposition in the legislature to his energy plans.

Herr Schmidt is likely to urge President Carter to support a major effort for co-operation between oil consumers and producers—an idea to be taken up and developed at the Tokyo summit. He is also expected to give further details of his plan for an international study of the security problems of nuclear reactors in the light of the Harrisburg incident. However, he rules out any question of a moratorium on new nuclear plants, despite domestic and international pressure for this.

Besides urging ratification of SALT II, Herr Schmidt will also discuss the problem of "grey zone" weapons (intermediate range nuclear missiles). It remains his conviction that West Germany must not become the only Western European NATO member to have such new weapons stationed on its territory.

Two Guardia Civil killed in Madrid

BY ROBERT GRAHAM IN MADRID

GUNMEN firing sub-machine guns from a stolen taxi yesterday killed two members of the para-military Guardia Civil in Madrid.

The last time a Guardia Civil was killed in Madrid, in February, the shadowy left-wing extremist organisation, Grapo, subsequently claimed responsibility.

Guardia Civil are normally used to police rural areas and small towns, but they guard several government buildings, and for more than six months past a number of units have been drafted into Madrid to combat the growing wave of political violence.

Yesterday's killings brings to 73 the number of persons killed in politically motivated violence since the beginning of the year. Last week in Parliament, Premier Adolfo Suarez sought to assure the nation that he Government was dealing firmly with terrorism. However, the public, especially in Madrid, still remains apprehensive in the wake of the violent events that killed a total of 17 people the previous weekend.

No group has so far claimed responsibility for planting the bomb that killed eight persons in a Madrid cafe.

In his speech to Parliament last week, Sr. Suarez appealed to the public to give greater co-operation to the police. But the police have done little to improve their own image. On Sunday, a Venezuelan born woman was shot in the head by a policeman in the northern province of Navarre during an anti-nuclear demonstration.

A police statement said that the policeman's gun went off accidentally while warning a crowd of anti-nuclear demonstrators who were attacking police. Other sources said the woman was killed when police moved in with gun butts to break up a sit-in.

As a footnote, to underline the new level of violence, two people were shot in separate incidents in Madrid yesterday—a bank guard outside a savings bank and a waiter in a restaurant.



Pope John Paul breaks down and weeps during Mass at Jasna Gora.

500,000 Poles welcome Pope at shrine

CZESTOCHOWA—Pope John Paul II yesterday visited one of Poland's holiest shrines, and declared that the years under Communism had strengthened the nation's ties to the Roman Catholic Church.

Speaking to a crowd of 3m at the hilltop monastery of Jasna Gora, the Pope prayed to the Virgin Mary that the Church "may enjoy freedom and peace" in fulfilling its mission.

"The past decades have confirmed and intensified that unity between the Polish nation and its Queen," the Pope said.

"The history of Poland can be written in different ways," the Pope said. "Especially in the case of the past centuries, it can be interpreted along different lines."

After describing the shrine as a place where Poles could bear the "echo of the life of the whole nation in the heartbeat of its mother and Queen," the Pope began singing a traditional refrain of prayer to the Virgin Mary.

The song was sung three times during the sermon, with the crowd starting the song twice.

Jasna Gora, which means "bright mountain," became a symbol of Polish Catholicism when its monks successfully resisted a Swedish siege in 1655.

King Jan Kazimir proclaimed the Virgin Mary Queen of Poland the following year at the hilltop site.

AP

Pinto government faces censure defeat next week

BY JIMMY BURNS IN LISBON

PORTUGAL'S SOCIALIST and Communist parties yesterday formalised their opposition to the Government by tabling separate motions of censure.

Both parties hope that the strait approval of the Socialist motion by a majority Socialist/Communist vote next week will precipitate the downfall of the government, although the timing is still uncertain.

Under the constitution, the government need not resign unless two separate motions of censure are approved within a period of not less than 30 days by a parliamentary majority.

This means that theoretically the Government could remain in office beyond next week's vote and wait for the outcome of the Communist censure in July.

There is, however, growing speculation that serious divisions have developed within the liberalist Cabinet.

Over the weekend all the leading Portuguese newspapers, including the state-owned and usually pro-Government Diario e Noticias, carried front-page stories claiming that Dr. Jacinto Nunes, the Finance Minister, would resign following the approval of the Socialist motion.

The Ministry has not confirmed the suggestions although it was understood by some banking officials yesterday that they were true.



Dr. Jacinto Nunes in happier times

Tito in Malta talks with Mintoff

President Tito of Yugoslavia and Prime Minister Dom Mintoff of Malta met yesterday in Valletta to discuss bilateral relations, Mediterranean topics, and the forthcoming summit of non-aligned states, writes Godfrey Grima.

The two-hour conference followed meetings held separately at ministerial level.

President Tito, who flew into Malta from Tripoli for a three-day visit, last met Mr. Mintoff in Yugoslavia last year.

Yugoslavia last year is reported to have provided Malta with more than 100 experts in various fields and is expected to step up technical assistance to the island particularly in agriculture, and ship-repair and ship-building.

Proposals for Dutch N-waste

BY CHARLES BATCHELOR IN AMSTERDAM

RADIO-ACTIVE waste could be stored in underground salt domes in north-east Netherlands, according to a report sent to Parliament by the Ministers of Economic and Health Affairs.

To keep open its options, however, the Dutch Government has decided to take part in an international investigation of the possibility of burying waste in the sea bed.

The presentation of the report of the Interdepartmental Commission for Nuclear Energy has answered in broad outline some of the questions facing the Government as it starts a promised public debate on nuclear energy.

The work of the Commission produced charges from some

MPs. from anti-nuclear groups and from the provincial authorities under whose areas the salt domes lie, that the Government was seeking to pre-empt the public debate.

Mr. Gijs van Aardenne, the Economic Minister, said, however, that the Commission's investigation would produce facts needed for the debate, which is expected to last two years. Further field studies of the five salt domes considered as possible sites will now be carried out.

A decision on waste storage is required before further consideration can be given to building more nuclear power stations.

On-shore salt domes, trenches in the sea bed and specially dug

mines in salt domes under the North Sea are three possible sites for the storage of Dutch waste, the Minister said. The Netherlands plans to join an investigation being carried out by Britain, the U.S., France and Japan into the use of trenches in the sea bed, he added.

If the Netherlands decide to wait for the results of this international survey it will have to find ways of temporarily storing the waste above ground in the 1990s. The Dutch Government has not yet considered the permanent storage of waste above ground, but if the other long-term alternatives are not possible, then these studies will have to be made, the report recommended.

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Danes delay krone action
BY HILARY BARNES IN COPENHAGEN
ALTHOUGH THE Danish krone fell to its floor against the Deutsche Mark on Friday, the authorities are not expected to take corrective action until after the June 7 elections for the European Parliament.
Ministers have denied meanwhile, that they plan to raise the 3 per cent discount rate or to devalue the krone.
Confidence in the currency has been shaken by a number of factors in the past few days.

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It was expected earlier that the Social Democratic-Liberal Government would introduce stabilisation measures in the autumn in connection with the 1980 budget, but there is strong speculation now that the Government will act at the end of this month, when the Folketing (Parliament) is recalled from its summer recess to confirm the results of the European Parliamentary elections.

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AMERICAN NEWS

Tensions in the non-aligned movement before the Havana summit Cubans pursue new ambitions

BY OUR FOREIGN STAFF

THE FATE of the non-aligned movement is in the balance and during the next few months the role that Cuba plays could show whether the movement will take on a new lease of life or break up and fade into insignificance. This week the foreign ministers of the participating countries will meet in Colombo to make the final delicate arrangements for the summit which is due to take place in Havana between September 3 and 7.

The movement, which has 88 members—mainly in the Middle East, Africa and Asia—is deeply split. The Cubans, who would be hosts to the conference in Havana, would in that case have an important role in preparing the agenda. They would like to see it place more reliance on the Soviet Union's view of the world. This would involve accepting the Russian view that the future, in particular of the developing countries, belongs to Marxist-Leninism.

This stand has brought into question whether Cuba would be an acceptable host for the summit.

Most member states strongly oppose the Cuban view. Somalia last year called for the expulsion of Cuba from the non-aligned movement, reflecting widespread criticism in Africa of Cuba's ties with the Soviet Union and of the intervention of Cuban forces in conflicts in Africa. Cuba was also condemned at a meeting of the Yugoslav Communist Party last June for not opposing "hegemonism"—an indirect reference to Russia.

The cohesion of the non-aligned movement has also been strained by a variety of regional issues. Most Arab states would like to see the expulsion of Egypt. China is anxious that diplomatic recognition should be withheld from the new regime of Heng Samrin in Cambodia which it denounces as a puppet of Vietnam and the Soviet Union.

These differences come at a time when there is little else to hold the movement together but common opposition to racism, a commitment to disarmament, and support for the attempts of developing nations to obtain a shift in the distribu-

tion of the world's wealth in their favour.

Founded in 1955, the strength of the movement under such leaders as Nehru, Nasser, Sukarno, Nkrumah and Tito was its anti-American and anti-Russian stance at a time when the two powers were competing for allies during the Cold War. But its importance has since been eclipsed both by detente and by new groupings among developing countries pursuing their economic and political goals through other organisations.

To a small number of countries however the non-aligned movement is still of crucial importance. Foremost among them is Cuba which is the reason Havana will be pressing hard at the Colombo meeting to be host for the next conference.

As a state whose continuing prosperity and defence capabilities depend on Moscow, Cuba has an interest in demonstrating its usefulness in rallying developing countries to the Soviet standard. It is for that reason in part that President

Castro is hoping that many heads of state will go to his capital in September and be understanding of President Brezhnev's policies.

But, perhaps even more important, he needs a good selection of high level representatives and new impetus for the movement for his and Cuba's own reasons. He has immense ambitions to be recognised as a leader of the whole Third World, ambitions which lead to the foundation of the revolutionary African, Asian and Latin American Peoples Solidarity Organisation in the 1960s and to the dispatch of troops and civilian experts to Latin America, Africa and the Middle East. He also sees Cuba's national interest coinciding with the building up of a bloc of developing countries which would press the developed world—and indeed the richer countries of Comecon—for better trade and aid terms.

Any diplomatic debacle in Havana would be a disaster for President Castro, not least because it would make him and his country even more dependent than they now are



President Castro... aiming for Third World leadership

Quebec confirms moderate stance

QUEBEC—The separatist Parti quebecois restated on Sunday its desire to bring about Quebec's secession from Canada by negotiation rather than unilateral action.

The province's ruling party made its declaration after a three-day convention, the last of which held before a long-awaited referendum in largely French-speaking Quebec on the separation plans of Mr. René Lévesque's Government.

The conference passed resolutions that an independent Quebec would seek a common currency with Canada, with a jointly-run central bank, no tariff or trade barriers and free movement of persons and capital, and that it would have a foreign policy renouncing war, but would stay in NATO and participate in the U.S.-Canada defence agreement.

Other resolutions passed at the convention included:

- The rejection of a unilateral declaration of independence unless the rest of Canada spurs the party's demands for close economic links between Quebec and Canada.
- If people voted "yes" in the forthcoming referendum, which could be held as early as this autumn, the Quebec government would demand from the federal government in Ottawa "all powers belonging to a sovereign State."
- If negotiations to achieve independence failed, then the Parti quebecois government would call a second referendum or a provincial election to determine whether to proceed with political sovereignty without the desired economic association.

Managua airport a 'war zone' as Leftists advance

BY HUGH O'SHAUGHNESSY

A GENERAL STRIKE was called in Nicaragua yesterday by the Sandinista guerrilla movement as its forces continued what they hope will be the final push against the Government of Gen. Anastasio Somoza.

The Sandinistas are reported to have declared Las Mercedes airport in Managua, the capital, a "war zone" and warned international travellers not to use it.

As Sandinista activity continued in many areas of the country the Somoza Government has increasingly been seeking international support. Radio Rieloj in San Jose, the capital of neighbouring Costa Rica, reported that Gen. Somoza's son, Colonel Anastasio Somoza, the commander of a crack unit of the National Guard, is seeking aid in the U.S.

Gen. Roger Jerez, the Deputy Defence Minister, was reported to be on a similar mission to Gen. Jorge Videla, the Argentinian President, while another emissary has gone to Santiago.

It is expected that Condeca, the Central American Defence Council, will meet this week to consider Gen. Somoza's appeal for help.

Besides Nicaragua, Condeca has only two active members, the Governments of El Salvador and Guatemala. Costa Rica has no army and Honduras has not been an active member since its "football war" with El Salvador in 1969.

Salvador and Guatemala, who fear the establishment of a Left-wing Government on the Central American isthmus which might exacerbate their own domestic political problems.

During last September's unsuccessful drive against the Somoza Government, troops from both countries were reported to have been fighting against the Sandinistas. The two governments have denied sending troops and the Salvadoreans and Nicaraguans may have been mercenaries or members of the Right-wing vigilante groups which are active in both countries.

In London the Foreign and Commonwealth Office knew of no plans for a British airlift of civilians from the war torn country.

On Sunday the West German Government chartered a Panamanian aircraft to ferry 74 West German nationals mostly women and children, from Managua to safety in San Jose. Seats on aircraft out of Nicaragua have been difficult to obtain for some days.



Carter opponents seize on Panama treaty

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE CARTER Administration now faces another tough confrontation with Congress over a foreign policy issue which it hoped it had resolved last year—the transfer by the year 2000 of ownership of the Panama Canal to Panama.

Conservative opponents of the treaties, who fell only two votes short of preventing their ratification by the Senate less than a year ago, are now mustering forces in the House of Representatives to try to change the details of the treaties so that they are unacceptable to the Panamanian Government.

Their vehicle is the implementing legislation now before the House, dealing with technical items like payment for the transfer of the canal and other U.S. properties to Panama. The nub of their argument is that Panama, not the U.S. taxpayer, should bear the full cost, estimates of which vary between \$300m and more than \$4bn over the next 21 years.

The Democratic leadership of the House has already postponed critical votes on the issue until the middle of this month because it felt it lacked the necessary support. In addition the Administration's

own lobbyists have been forced to support a compromise Bill drawn up by the House Merchant Marine and Fisheries Committee because it was clear their own Bill was dead.

Even this compromise Bill, in the view of the State Department, comes perilously close to violating the spirit, if not the letter, of last year's treaties and therefore invites rejection. However, it is clearly the lesser of two evils compared with the Bill drafted by the treaty's opponents, under Republican George Hansen of Ohio, which would be patently unacceptable to Panama.

The most controversial elements in the compromise Bill would give effective control of the Panama Canal Commission, the executive body to the Defence Department for the next 21 years. It would also require Congressional approval for property transfers to Panama, and would eliminate the \$10m annual payment to Panama from canal operating revenues.

Under the treaty, Panama was to receive annual payments of as much as \$85m a year derived from canal revenues. The Hansen Bill would require that Panama uses these proceeds to

pay for the entire cost of transfer from the federal government in Ottawa "all powers belonging to a sovereign State."

Supporters of the treaties have pointed out that under international law Panama would be entitled to renounce last year's agreements if the House wreaks substantive changes, and unilaterally to assume control of the canal when the original pacts expire this autumn.

Even some Congressmen, such as Mr. David Bowen, the Mississippi Democrat, who opposed the treaties a year ago are now arguing that the U.S. Congress cannot treat properly ratified international commitments in such a cavalier manner.



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CAB may lift threat of anti-trust sanctions

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S scheduled airlines may win a reprieve from a threat by the U.S. Civil Aeronautics Board to impose anti-trust sanctions on them.

The threat was first made by the CAB, the governing body of U.S. civil aviation, last summer. At that time it said it wanted the airlines, through the International Air Transport Association (IATA), to "show cause" why they should remain exempt from the U.S. anti-trust laws, especially where fixing fares is concerned.

The implication was that if the airlines could not prove to the CAB's satisfaction that they deserved such immunity, it would be withdrawn, thereby opening them to severe penalties under U.S. law.

Since then, the CAB's "show cause" action has been attacked vigorously by more than 45 foreign governments and more

than 40 airlines, all pointing out that the CAB was trying to influence international civil aviation affairs without justification.

Earlier this year, the CAB said it wanted the world's airlines to present their arguments by late summer, so that it could take a decision on the "show cause" order by September.

Now, however, the State Department, acting under pressure from foreign governments, has asked the CAB to delay any action for at least another year, until late summer 1980, to give more time for the matter to be discussed internationally.

Under such circumstances, the CAB seems likely to have little alternative but to agree, thus removing the threat of punitive action against the world's airlines this year.

This announcement appears as a matter of record only.

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April 1979

Jeff Smith

Jeffrey Pitt

WORLD TRADE NEWS

China may postpone indefinitely Japanese chemical projects

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO
CHINA MAY postpone indefinitely the implementation of four out of four contracts signed with Japanese companies for a construction of two 300,000 ethylene plants, pending the outcome of talks now under way in Peking with the contractors.

Preliminary accord on procurement signed

TOKYO — Japan and the U.S. have reached a preliminary agreement on expanding the amount of Government contracts open to foreign bidding. Mr. Robert Strauss, the U.S. Trade Negotiator, said he had signed a joint statement with Nobuniko Ushiba, his Japanese counterpart, calling each country to reciprocate the level of Government procurement contracts to be signed.

Israel to propose \$30bn Middle East loan fund

BY MAURICE SAMUELSON
A BLUE print for a \$30bn development fund for the Middle East will be presented informally this week at the Bank of International Settlements at Basle by Mr. Arnon Gafny, governor of the Bank of Israel. Comparing the proposed fund to the "Marshall Plan" of post-war Europe, he said its primary aim would be to ease the burden of foreign debt accumulated by the Middle East since 1973.

South American summit discusses co-operation

BY KIM FUAD IN CARACAS
VENEZUELA, COLOMBIA, and Peru and Bolivia have agreed to direct greater efforts towards economic and political integration in the 1980s through the Andean Common Market. The Heads of State of the five South American nations held a three-day summit meeting last week in Cartagena, Colombia, to evaluate progress achieved since the Andean Common Market was established in 1973.

Uganda ready to resume imports

BY JOHN WORRALL IN NAIROBI
SAM SEBAGEREKA, Uganda's Finance Minister, has announced that foreign exchange will soon be available for import transactions. According to Uganda Radio, a weekend rally that the government has held to balance the budget "looked encouraging."

Soviet help for Indian steel plant

NEW DELHI—India said it is to set up a steel plant, its seventh fully integrated unit, at Vishakhapatnam on the east coast with Soviet technical and financial help. Mr. Biju Patnaik, the Indian Steel Minister said the \$2.75bn unit would be capable of producing 1.3m tons of steel a year four years after work starts.

At least two units similar in size to the Vishakhapatnam plant are being negotiated. Mr. Patnaik said that the Indian Parliament that discussions were under way with West Germany, the U.S., Romania, Austria and France for the next two plants. Mannesmann Demag of West Germany, he said, has submitted a financing plan—while preliminary discussions have been held with Davy International and British Steel.

These plants include finance and technology as part of the package and may include buy-back arrangements as part of the payment of credits. AP-DJ

WEST GERMAN INDUSTRY

Concern over capital goods exports

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN capital plant manufacturers saw orders increase by a hefty 28.5 per cent last year. Despite this, they are deeply concerned about the industry's prospects because of its heavy reliance on exports, a large proportion of which goes to politically volatile countries.

Annual reports on the industry, produced by the capital plant construction section of the W. German Mechanical Engineering Association (VDMA) said that bookings last year totalled DM 14.5bn (\$7.59bn). This compares with the comparatively weak inflow of DM 11.31bn in 1977.

But while this growth rate may seem dramatic, the 1978 inflow lies only slightly above the previous high of DM 14.08bn, recorded in 1976. Furthermore, the VDMA points out that manufacturers are worried as some \$2.8 per cent of all orders came from abroad.

"The export quota... underlines the heavy dependence (of the industry) on overseas sales, a factor which, because of recent political developments is not without problems," the report comments.

"For instance, the events in Iran indicate that the sudden political change could have an unhealthy effect on contracts already signed or lined up for industrial plant construction. Similar developments in other countries could also cause serious setbacks to the German capital plant manufacturers.

The report welcomes the growing importance of China as a customer but it warns that although the potential demand from China was "immeasurable" the build up in orders could only realistically be made in small steps. Chinese orders therefore could not be expected to offset lost orders in other markets.

An analysis of the domestic market graphically illustrates the industry's dependence on exports. Home orders were up 28.6 per cent to DM 2.5bn — indicating a slight improvement in domestic readiness to invest.

Varta-Sanyo battery deal

BY OUR FRANKFURT CORRESPONDENT

VARTA BATTERIE, West Germany's largest battery manufacturer, and Sanyo Electric Company of Japan, are to co-operate closely in the Lithium-manganese dioxide battery field. An agreement between the two groups, covering development, sales and manufacture, was signed last week.

Sanyo has been a front runner in the field since it announced the development of the battery in the autumn of 1975. Varta, the leading shareholder of which is the West German Quandt group, is one of the world's leading battery manufacturers.

large research and development operation—which has been devoting a large part of its resources to developing new battery systems—has selected Sanyo's battery to supplement its programme. The Sanyo battery, it claims, performs highly in terms of economics, safety and reliability. It meets all environmental requirements and there is a sufficient supply of raw materials for its manufacture.

Under the agreement, Varta will start selling the Sanyo-developed battery this year. It will follow this by manufacturing the batteries under a non-exclusive "know-how" and partnership licence from Sanyo.

Both groups are to promote the worldwide marketing development of the batteries, according to the agreement. They have also agreed to promote standardisation of the battery.

Foreign orders on the other hand, rose 28 per cent to DM 12.03bn, compared with the previous year's relatively weak DM 9.37bn. Even so the order volume lay somewhat below the 1976 level because of increased international competition said the report.

An important factor in competition are West German wage costs in the industry. Since 1975 West German wages have risen in Deutsche Mark terms from DM 15.56 an hour to DM 20.08 in 1978. During the same period U.S. wages have risen from the equivalent of DM 16.10 an hour to DM 16.99. In Italy the rise has been from DM 10.89 an hour to DM 13.72; in Japan from DM 8.29 an hour to DM 12.15; and in Britain from DM 8.49 to DM 8.82 an hour.

Manila looks at aid for trading companies

By Daniel Nelson in Manila

A SECOND public hearing will be held this week to allow representatives of major exporting companies in the Philippines to present their views on Government plans to establish major trading companies modelled on those in Japan and South Korea.

The hearing was set when only two companies—National Steel and Rustan Commercial—applied for trading company status out of 33 who requested application forms.

Mr. Francisco Valdez, assistant Minister of Trade, told the Financial Times that the first public hearing last month indicated that the financial incentives appeared to be adequate. The problem was companies' fears that they would be unable to meet the export growth requirements: sales must be the equivalent of \$1m at the time of application, increasing to \$7m in the first year, \$15m in the second year and \$30m in year three.

Conditions of eligibility for registration, drawn up by a committee which has been looking at the issue for two years, include a minimum net worth of Pesos 2m (\$67,000), exports of at least three products rising to seven non-traditional products by the third year.

The new Canon NP6000.



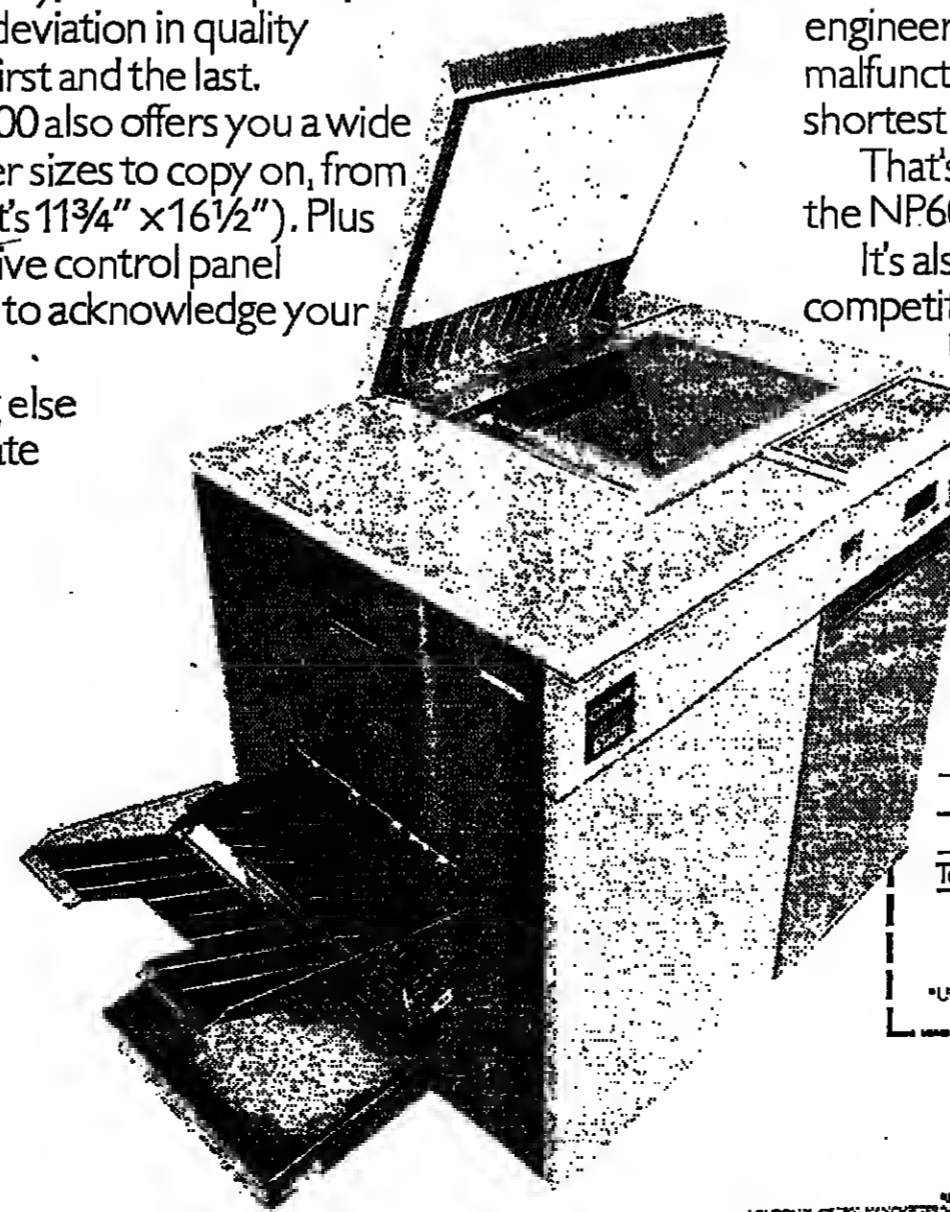
Without doubt the new Canon NP6000 is a very advanced high speed, high volume, dry copier. It won't take you long to discover just why.

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The NP6000 also offers you a wide choice of paper sizes to copy on, from A5 to A3 (that's 11 3/4" x 16 1/2"). Plus a touch-sensitive control panel which 'bleeps' to acknowledge your instructions. Something else you'll appreciate

about the NP6000 are the two self-diagnostic systems. The first system instantly tells you what attention or supplies your copier needs, via a user information panel. Included on the panel is the 'engineer' symbol. When this 'engineer' is illuminated you need a real one. And that's when the second system takes over because it enables the engineer to pinpoint the exact location and type of malfunction and to get your NP6000 back into action in the shortest possible time.

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Sinclair Radionics near decision on Microvision future

By John Lloyd

SINCLAIR RADIONICS, the Cambridge-based electronics company in which the National Enterprise Board has a majority share, is in the closing stages of negotiations with a number of companies on the future of its Microvision pocket television production.

An announcement on the Microvision—the first miniature pocket TV in the world—is expected in about a week. Last week, the National Enterprise Board announced that Sinclair had been split into two divisions: consumer electronics (the Microvision) and industrial instruments, largely the multi-range range of the Industrial Instruments, with pocket calculator production, will be put under the NEB's wing for a time being, while the Microvision production will either be bought out by an independent, that the NEB will form a joint venture for the production of Microvisions with a third company. The board has already

Warning to Tories on oil price dangers

By David Freud

IT IS important that the Conservative Government avoids the dangers of combining restrictive monetary policy with a loss of control of fiscal policy in the wake of the oil price increase, according to the London Business School Centre for Economic Forecasting.

In its latest economic outlook, the centre estimates that the adverse impact of the current round of oil price increases is about a third of that in 1974.

Of the reaction to the earlier round the centre says that while in retrospect the squeeze on real money supply in 1974 and 1975 was too savage, the real culprit was the threshold payments system and earlier monetary growth.

The lesson for the present is the danger of trying to prop up demand with extra purchasing power, while squeezing the monetary front—particularly when interest rates could already be rising due to inflationary expectations.

Problems

The centre argues that the Government should continue to aim for a public sector borrowing requirement well below the levels that are likely on the basis of present policies.

"They should also avoid relying upon financial adjustments to do too much of the job—this bears a weak resemblance to the problem period in 1974 of constantly taking the required sum from the company sector."

The centre concludes that the next 12 months could be difficult as the world works out the pressures from the new oil price shock. That is no reason to abandon the medium-term target of a reduction in both monetary growth and in the PSBR as a percentage of output, it says.

"If this policy is now abandoned the inflationary ratchet will then have been hauled up another notch or two and the scale of the problem in 18 months time could look much more daunting than it does today."

According to stockbrokers Wood, Mackenzie and Co., in its latest economic monitor, the annual rate of retail price inflation will rise from the present 10.2 per cent to more than 14 per cent by the end of the year.

TEXAS INSTRUMENTS BIDS TO TAP CONSUMER MARKET

Now a talking home computer

By Max Wilkinson

TEXAS INSTRUMENTS, the \$3bn U.S. electronics group, has ended more than a year's intensive speculation with the announcement of its plans to move into the market for home computers.

Texas has an impressive record in bringing down the price of new high technology products to a level attractive to consumers, and at the same time calculating how technology will become marketable.

The recent history of the hand-held calculator and the digital watch are two examples. Texas has produced machines which will talk to young children with synthesised speech to help teach them to spell and many other advance products for the consumer and professional markets.

It is launching into the personal computer market with characteristic energy at a time when most analysts are predicting a surge of demand for the new micro-computer based machines. However, the consumer market is still largely untapped.

Flexibility

Most of the existing competitors in the personal computer market are serving the small businessman, hobbyists, professional engineers and the educational establishments. Texas, appears, however, in being aiming full tilt at the consumer. Its new machine will be priced at about £645 in the UK towards the end of the year, but is likely to be selling for considerably less than that in the larger U.S. market.

The machine, designated the TI-99/4, announced in Dallas at the weekend will have programmes for home budgeting, teaching programmes, U.S. football and even physical fitness. But above all it will be able to talk. Plug in programme modules will cost between £15 and £45 in the UK.

Quite what people will do with a talking computer in their home remains to be seen.

The ability of a computer to talk obviously gives it greater flexibility for tasks in the home. As a teaching aid for young

children, for example, the addition of speech to colour graphics on the screen could make the machine a powerful tool.

Even for the more sophisticated user the use of the spoken word can make a small computer seem more friendly and easy to use. It is a small step to programme the home computer to respond to simple voice commands from the owner and to recognise a limited vocabulary including the numerals.

Programmes which will accomplish this have been demonstrated by International Telephone and Telegraph on the home computer which it produces in Europe under licence from Apple of the U.S.

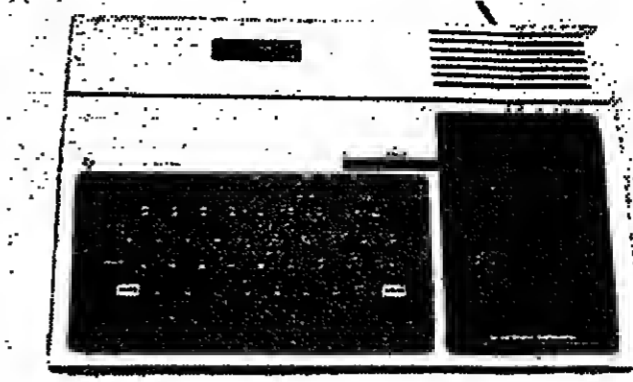
A machine which can plug into a television set, respond to an operator which is talking to it and answer back, obviously has the ability to break down the nervousness with which most people regard computers. Texas has tried to make the operation as simple as possible with its plug-in programme modules.

The company's announcement emphasises that its target is the unsophisticated person: "Although users may not be familiar with computers or programming, the modules allow individuals to use the home computer for a broad range of purposes. To access a programme, all the user has to do is plug in a particular command module and press a few keys on the console keyboard while he is prompted by the system's monitor or TV set."

If Texas succeeds in opening up a wide consumer market it will be well ahead of its competitors.

Commodore, for example, which sold 50,000 of its PET home computers worldwide last year estimates that sales to ordinary consumers represent only a small fraction of the total. Small businesses and the education world have been much more important.

In the professional sector, the PET is doing well with UK sales averaging about 1,000



The Texas Instruments TI-99/4 home computer measures only 15 ins by 10 ins by 2 1/2 ins deep and plugs into a TV set. It is expected to sell for about £645 in the UK.

units a month at prices ranging from £500 for a basic computer to £2,500 for a more sophisticated system with magnetic disc memories and a fast printer.

Interest in television based information systems like the Post Office's Prestel make it difficult to predict exactly what will happen.

The general picture is complicated by the increasing similarity of desk top computers designed for professional use with those aimed at a more general market.

Desk top machines from International Business Machines, Olivetti and Hewlett Packard, for example, are all based on the micro-processor or computer on a chip. Although they are more expensive than the home computers for general use considerable overlap can be expected in the next few years.

A home computer with a useful range of peripheral equipment is likely to cost at least £1,500. But costs are continually falling while the advance of technology opens the possibility of inherently cheaper types of memory and simpler printer units.

The key to selling the new machines to the consumer market, however, will certainly be the development of a wide range of useful, entertaining and educational programmes. That job has only just started.

Doxford to develop coal-fuelled engines

By Ian Hargreaves, Shipping Correspondent

DOXFORD, the Sunderland marine engine company, plans to develop engines using coal products as fuel.

Preliminary talks have already been held with the National Coal Board and a four-year programme of tests will start on a trials engine later this month.

Initially the trials will involve using low-grade oil fuels, but engineers are hopeful that eventually the engines will be able to burn coal in either slurry or powder form.

The research into poorer fuels is an important part of the engines division of British Shipbuilders, of which Doxford is part.

British Shipbuilders believe that after several troubled years, in which Doxford's share of the world slow-speed marine diesel market has slipped to about 1 per cent, the Westside builder is ready to improve its position.

In particular, British Shipbuilders is pushing hard Doxford's recently developed 588mm-bore, three cylinder engine, the 58J53, which is designed to compete with 1 million-speed diesels for use in smaller cargo ships.

Doxford claims that the 58J53 uses more than 55 per cent less fuel than a medium-speed engine of equivalent power and 62 per cent less than a comparable steam turbine design.

The question of future engine-building strategy and the problem of designing for lower grade fuels will be one of the first on the desk of Mr. Leo Curran, who yesterday joined British Shipbuilders from Plessey.

British Shipbuilders is putting £1.6m into the Doxford trials engine, which will be ready for experimental use late this month.

Cost-cutting companies get secretaries warning

By Colleen Toomey

COMPANIES attempting to cut costs by asking executives to act as secretaries are often finding themselves in for a "tug-war" between colleagues, according to a survey carried out in 86 London businesses.

The survey, carried out by part-time secretaries, claims that 90 per cent of the companies interviewed employ part-time staff. Of the total, 40 per cent said that executives preferred to have their own permanent part-time secretary sharing a full-time secretary in a colleague; 28 per cent agreed and 32 per cent were not known.

The survey also showed middle-aged secretaries were more accepted by the companies as young women, even pen-pals received a moderate flow of hands with 27 per cent of those surveyed claiming they would consider employing a pen-pal.

It was also agreed that permanent part-time staff are more usefully employed than

temporary staff in filling gaps and 57 per cent say that part-timers fulfilled the same work standards and were as reliable.

Shoe deliveries increase 5%

By James McDonald

FOOTWEAR DELIVERIES in the first two months of this year, at 26.2m pairs, were 5 per cent more than in the same period of 1978, according to the British Footwear Manufacturers Federation.

Employment in the manufacturing industry in February was stable, says the federation, with overtime still well in excess of short-time working. Early returns show that the retail trade was less buoyant in March.

In the year to March, leather prices in the industry rose by 35 per cent.

CONTRACTS AND TENDERS

Mouvement Populaire de la Révolution République du Zaïre

Département des Transports et Communications

Régie des voies maritimes

Avis d'appel d'offres international

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Les offres cachetées doivent être envoyées à l'Administrateur Délégué Général à une des adresses susmentionnées

La date limite de réception des offres est fixée au 16 juillet 1979 à 10 heures (heure locale).

L'appel d'offres est international et les ambassades intéressées sont invitées à retirer le dossier d'appel d'offres à l'adresse indiquée ci-dessus.

L'ouverture des soumissions aura lieu à Kinshasa le 16 juillet 1979 à 10 heures (heure locale) précises au Centre International du Commerce (C.I.C.Z.).

L'Administrateur Délégué Général
BUKASA MAYELA ODA

Family Railcard promotion

By Arthur Sandles

BRITISH RAIL is spending about £250,000 to promote its new Family Railcard which is to be launched on June 17. The card, costing £10 (£5 for one-parent families) gives spouse and child fares of 50p for each unlimited distance provided one full fare ticket is bought.

It is valid for an eight-month test period until February 28, 1980.

The Railcard follows the success of other schemes, notably the Senior Citizens Railcard.

British Rail admit they have no idea of the likely response but they will review it at the end of the test period. The card can be used for any number of journeys.

Definition

As an example of the possible savings for a family of six (two adults four children) the normal fare from Guildford to Birmingham return would be £55.60, but with a Railcard it would be £16.40.

Among the problems faced by British Rail in setting up the scheme was the definition of a family. In the end it settled on the solution that whoever registers is eligible—two adults of the same sex are as valid as a Mr. and Ms.

West Midlands seeks 'a better deal'

By Our Midlands Correspondent

THE WEST MIDLANDS is looking to the Conservative Government for positive action to give the region "a better deal".

Sir Robert Booth, the retiring president of the Birmingham Chamber of Commerce, said yesterday.

He welcomed the statement by the Tories that they would look at the real effects of the regional policy of successive governments. The Birmingham Chamber has argued consistently that the city has lost its growth industries to the assisted areas.

Regenerate

Sir Robert supported the Government's aim of restraining public spending. But stressed the need to fund successful projects such as the programme to regenerate Birmingham's inner city.

Continued backing for the investment programme of BL formerly British Leyland, was also important because of the thousands of dependent jobs within the West Midlands, he maintained.

Sir Robert was speaking at the chamber's annual meeting which elected Mr. Joseph Brown, the former chairman and managing director of the Birmingham Post and Mail as its president.

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THE JOBS COLUMN

The wasteful nature of 'natural wastage'

BY MICHAEL DIXON

"WHEN YOU think of all the incompetent staff who must be furloughed by the public services, it's nothing less than a lunatic's dream." The speaker was a careers officer concerned with the UK education system who, like most of his kind, is contemplating bleakly the probable effects of the Cabinet's squeeze on employment in local and central government.

educational establishments, are apparently still too stunned to attempt the necessary calculations. "We knew that cuts had been announced in Parliament," said another careers adviser. "But we're only just starting to wake up to what they mean for us and our clients."

The approaching 800,000 people scheduled to leave full-time education during the next couple of months to compete for jobs on the UK market. At best the ban is expected to remove 12,000 of the posts which central government had previously planned to fill. "At worst, the figure could be at least 15,000."

pected to obtain teaching jobs with local education authorities. But that expectation relied much on the previous Government's special concern to keep up teacher-recruitment. With the number of pupils falling in train of the reduced birth-rate, the local education authorities which are the direct employers of teachers could generally cut their intakes of new school staff without increasing the national size of classes. Anxious to prevent egregious joblessness among newly qualified teachers, the Labour Government included in the "rate support grant"—the contribution from central taxes which covers about three fifths of local authority spending—money to encourage the local authorities to employ this autumn roughly 14,000 school staff over and above those needed to keep steady the ratio of teachers to pupils.

fall victim, this summer's newly qualified teachers' chances of obtaining the work for which they have trained would go down from 83 to 69 per cent. And doubtless, the prospects will be considerably worse for the two thirds of the trainees who are without degrees, than for the third who are graduates.

which were made by their careers advisers four and a half months ago. In the event, just as anxiety over final examinations reaches its peak, it seems that the squeeze on central and local government may well have deprived graduates alone of some 4,500 expected openings. With about 49,000 degree-winners competing on the market, this represents a sudden worsening of their overall prospects by more than 9 per cent.

Exceptions

Meanwhile the ban is being moderated in two ways. Departmental Ministers are allowed to approve on a case-by-case basis the engagement of urgently required staff, probably including accountants and computer specialists. In addition, people already offered posts subject to the passing of examinations, medical checks, and such like, will be taken on in the normal way.

A change

Other kinds of graduates entering the employment market directly after gaining their bachelor's or higher degrees look liable to be less favoured. Indeed, it appears that for a change the general outlook this summer might be less bad for non-graduates leaving education than for the products of universities and polytechnics.

MANAGER FOR LONDON SUBSIDIARY OF CAYMAN ISLANDS BANK. The wholly owned UK subsidiary of a Cayman Islands Bank wishes to appoint an experienced Banker to set up and operate its London Office and applications are invited from candidates who consider they have the necessary qualifications.

BANK ON OUR EXPERIENCE! CREDIT ANALYST £9,000 pa. Ideal opportunity for Economics or Business Studies Graduate to work in the UK and abroad for a major international bank (MBA an advantage). Excellent prospects.

Company Secretary. This is a really interesting and varied opportunity with a medium sized company involved in the distribution of Agricultural Machinery, Contractors Plant and Horticultural equipment. They are situated in a pleasant rural area.

Accountant HAMPSHIRE £9,000 + OTHER BENEFITS. Accountant required for a professional firm with large international practice. Applications invited from Chartered, Certified or Cost Accountants aged 35-50, who are able to make a real contribution to profitability at senior management level.

LEGAL APPOINTMENTS COMPANY/COMMERCIAL LAWYER of ability and experience is sought by a leading London firm of Solicitors. The work is interesting, complex and varied; the salary will be between £15,000 and £20,000 per annum and the career prospects excellent.

JAPANESE CONSORTIUM BANK ONE VACANCY OFFERING USEFUL EXPERIENCE IN INTERNATIONAL BANKING. CLERICAL ASSISTANT TO LOAN MANAGERS—Opening for Graduate Econ. or Law, perhaps banking experience useful not essential. Age around 22.

LENDING OFFICERS to £10,000 + benefits. 25-35 qualified HND + 3 years experience in Merchant Bank lending experience for major UK or American banks.

INTERNAL AUDITOR to £5,000pa. Good opportunity for someone in mid-20s, educated to A1B, with one year's I/A experience.

QS BANKING BANKING RECRUITMENT Deputy Chief Dealer to £14,000 Exchange Control Advisor to £10,000 Systems Analyst to £8,500

REQUIRED FOR A PROMINENT INSURANCE COMPANY IN THE GULF AREA. Ambitious young man willing to work in Saudi Arabia, United Arab Emirates or the State of Qatar. Age not less than 25 and not more than 35.

INTERNAL AUDITORS for assignments involving extensive overseas travelling c. \$18,500 (payable in US dollars). A major U.S. international company wishes to recruit qualified accountants, with at least three years post-qualifying experience in leading professional or industrial organisations.

Assistant Controller Budgets and Analysis. Emoluments Circa £17,000 plus Car. This newly created key senior management position embracing the total direction and co-ordination of all divisional profit and loss and balance sheet forecasting, budgeting, and long range planning activities of the European Division of a major multi-national organisation calls for an accountant of the highest calibre and capability.

STOCKBROKERS CLERK. YOUNG, AMBITIOUS STOCKBROKERS CLERK WITH LONDON EXPERIENCE REQUIRED BY EXPANDING NW COMPUTERS LTD. Attractive terms of employment are offered and a company car is included.

SECRETARIAL APPOINTMENTS SECRETARIAL/ADMIN. ASSISTANT Up to £6,000 per annum. Ambitious person required by small active Pharmaceutical Company in Earls Court area to assist Managing Director in office administration and to undertake his typing generally. Must be capable of both shorthand and audio to satisfy position.

City £7,000+ Head of Loans Administration. Orion, a multi-national Investment Bank, requires a person to monitor and co-ordinate the activities of a young team of loan administrators in the Banking Department which manages a substantial loan portfolio of U.S.\$1 billion plus.

CJA RECRUITMENT CONSULTANTS 35 New Broad Street, London EC2M 1NH. Tel: 01-588 3588 or 01-588 3576. Telex No. 887374. Important positions with prospects of advancement to reach senior positions in 2-4 years in either Europe, the U.S.A. or elsewhere overseas.

EUROBOND TRADER c. £12,000 + benefits. 25 to 35 with at least 3 years experience in leading Merchant Bank. To job established team and run secondary market, dealing book with leading Merchant Bank.

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An important appointment — opportunity exists to head up a new Branch office in a European capital city within 24-36 months — or elsewhere in the world in the medium term



PROJECT FINANCE MANAGER

LONDON

TOTAL REMUNERATION £16,000-£25,000

HIGHLY SUCCESSFUL EQUIPMENT FINANCE COMPANY AFFILIATED TO A MAJOR INTERNATIONAL BANK
 We invite applications from candidates aged 28-35 who have acquired at least 4 years' experience in merchant or investment banking, equipment financing, commercial law or accountancy or corporate finance with a financial institution, preferably with a University Degree. The successful candidate who will have developed an entrepreneurial instinct will be responsible for expanding the loan portfolio of equipment financing in the oil and gas, shipping, construction, mining, process industries etc. in Europe, Africa, Eastern Europe and the Middle East, will average about US\$ 15 million. Up to 70 days a year away travel will be necessary. The ability to develop sound business and put together and close the deal with the correct structure is of key importance. Product training will be provided where necessary. Initial remuneration by way of good salary plus incentive related bonus negotiable £16,000-£25,000 + car, non-contributory pension, free life assurance, family B.U.P.A., reduced rate mortgage and loan facilities. Applications in strict confidence under reference PFM3922/FT, to the Managing Director.

TRAINEE PROJECT FINANCE MANAGER

£10,000 - £14,000

N.B. A further position exists for a Trainee Project Finance Manager aged 25-30 open to candidates of similar background to the above with lesser experience. Full training will be provided in all aspects of equipment finance and will be of special interest to candidates with a credit background. Remuneration negotiable £10,000-£14,000 + fringe benefits. Applications in strict confidence under reference TPFM3923/FT, to the Managing Director.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
 35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE 01-588 3588 or 01-588 3576, TELEX 887374.

Challenging opportunities for entrepreneurs with well-developed management skills to join a major group at a senior level.



REGIONAL GENERAL MANAGERS

Based in locations throughout U.K.

£15,000-£18,000 + car

A LEADING COMPUTER GROUP

The need to strengthen our client's senior general management means that we are inviting applications from male/female graduates or equivalent, aged 32-45, who can demonstrate significant success in any field of sales, marketing, finance or production, where they have integrated and controlled widely varying activities and interests. The selected candidates will have had exposure to the modern management disciplines and techniques of large, strongly marketing orientated companies in tough markets plus the wider range of general management experience gained with a smaller company. Although product familiarisation will be given to applicants from outside the computer industry, they must have a positive appreciation of the role and need for computers in a business environment. The main brief will be to control a geographic region, which has a turnover of £3m employing 70-80 qualified staff, and to maximise the generation of profitable business through the best use of available resources. Essential qualities are a commercial nose, the abilities to temper a natural entrepreneurial flair with strong management skills and to achieve profitable results against targets. Initial remuneration negotiable £15,000-£18,000 (of which approximately 20% will be regional results related bonus), company car, contributory pension, free life assurance, free BUPA, six weeks' holiday, assistance with removal expenses if necessary. Applications in strict confidence under reference RGMI1295/FT will be forwarded unopened to our client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH



CREDIT OFFICER

CITY

£6,000-8,000

INTERNATIONAL CONSORTIUM BANK

We invite applications from candidates, male or female, aged 23-27, preferably graduates, who have acquired between 2 and 4 years' experience in credit work and documentation associated with Eurocurrency credits. The successful candidate will be responsible for regular credit reviews on existing medium-term loans, as well as new proposed facilities, etc. A personable manner, plus a flexible yet commercial outlook sufficient to warrant further promotion is important. Initial salary negotiable £6,000-£8,000 + house-loan facility, personal loan facility, non-contributory pension, free life assurance, free family BUPA. Applications in strict confidence under reference CO11274/FT will be forwarded unopened to our client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

Financial Controller

Leading British Company c. £12,000 + car

- Our Client, manufacturing and marketing fast moving consumer goods, is expanding and profitable.
- An exceptional career opportunity has arisen for a Financial Controller who will report to the Finance Director and assume responsibility for all finance and costing functions.
- The successful candidate will be qualified, aged 28-35, ideally a graduate and will have followed progressive professional training with sound industrial experience.
- The ability to develop sophisticated computerised accounting systems and a practical understanding of modern budgeting, costing and reporting techniques are essential.
- Relocation expenses are available to support an excellent salary and benefits package.

Please write or telephone R. A. Merrin, Grosvenor Stewart Limited, 15 Tilehouse Street, Hitchin, Herts. Telephone (0462) 55303.



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Financial Controller

Early 30's £10,000 p.a. + car

Turnover comfortably exceeds £100m. and a major re-organisation has just taken place within this profitable fast moving consumer goods group.

A new appointment reporting to the Financial Director, there will be accountability for designing and implementing computerised systems and controls. Initially, full responsibility for the group accounting function will also exist; here improvements will need to be identified and introduced, as one of the earlier priorities.

An outstanding career opportunity, with promotion easily attainable in line with performance, our client seeks a graduate Chartered Accountant whose articles have been served with a medium large practice. Subsequent commercial experience should ideally have been gained with commodity, food processing or similar companies of some size. Staff management experience and wide exposure to computerised accounting systems are essential.

Relocation expenses to a particularly pleasant part of Southern England where the position is situated, are available. There are big company benefits in addition to the commencing salary stated.

In strictest confidence, please write briefly to P J G Rolandi (Ref 955), Managing Director.



Alliance Management Consultants Ltd.
 84-86 Baker Street, London W1M 1DL
 Tel: 01-487 5761 (24 hours)

Alliance

ACCOUNTANT

A leading West End reprographics company requires a full-time accountant. Good salary.

For interviews, please telephone Miss J. Bidner 01-408 0822



c. US\$30,000

DEVELOPING OPERATIONAL AUDIT

The Company

An international American group, a brand leader in the casual wear market, with substantial world wide sales and a strong position in the European market.

The Role

To work closely with the Director of Internal Audit for Europe in further extending and improving the Internal Audit function with particular emphasis on operational audit. For those wishing to move into line management there should be opportunities in the group's manufacturing and marketing subsidiaries in Europe in about two years time.

The Requirement

For a qualified accountant, aged 25-30, with at least two years' post qualification experience gained in a large professional office or in a well managed internal audit department with a reputation for high standards. Some experience of U.S. accounting practice and of computer audit would be an advantage. Language is desirable rather than essential. Must be willing to travel extensively. Salary negotiable around US\$30,000 and excellent fringe benefits. Savings potential could be considerable.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to J. G. Camaron, Executive Selection Division, ref. C376, at the address below. Please include a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.

Management Consultants
 Shelley House, Noble Street, London, EC2V 7DQ.



Recruitment Division

DIRECTOR/CHIEF EXECUTIVE OVERSEAS OPERATIONS

London area

up to £20,000 p.a.

To be profit accountable for the overseas operations, spread over 5 continents, of the industrial subsidiary of a large UK-based, multinational group.

The overseas operations cover a number of small to medium size companies with a combined turnover currently approaching £40 millions.

The Director/Chief Executive must be an experienced general manager, with special strategic ability in the marketing area.

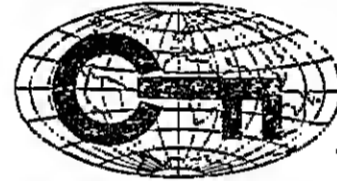
The person appointed must be able to motivate a diverse group of overseas general managers, most of whom are nationals. A good working knowledge of French is essential, preferably

with knowledge of at least one other European language.

Benefits include company car, BUPA, contributory pension scheme and generous relocation assistance if required.

Please apply in the first instance, including a detailed CV and the names of any companies to whom you do not wish your application to be forwarded, to:

Recruitment Division, Ref 513/FT
 Lovell & Rupert Curtis Limited,
 30, Bouverie Street,
 London EC4Y 8DQ.



FORWARD DOLLAR/MARK BROKER INTERNATIONAL SPOT BROKERS

Due to expansion of the above sections, we have vacancies for experienced Foreign Exchange Brokers/Dealers.

The positions afford excellent opportunities for the right persons, with remuneration and benefits negotiable according to experience.

Apply in strictest confidence to:
 Graham Briggs/Brian Bennett

Charles Fulton & Company Limited

34-40, Ludgate Hill, London EC4M 7JT
 01-248 3242

Financial Director

c. £18,000 + car

The company is the important, expanding and profitable UK subsidiary of a prestigious international company manufacturing and marketing a range of science based health care products.

Candidates, probably in the age range 35-45, should be qualified accountants, ideally with a degree, with a proven record of success in a financial capacity with a major profit orientated commercial organisation. Experience in the accountancy profession with a major accounting firm and exposure to working within Europe would be further advantages.

The position has meaningful potential for further personal development. The benefits package is attractive. The appointment is based in rural South East England.

Please write or telephone to S. W. J. Adamson F.C.A., Grosvenor Stewart Limited, 15 Tilehouse Street, Hitchin, Herts. Telephone (0462) 55303. Please quote ref. 925.



GROSVENOR STEWART
 Executive Search and Selection

Surrey



£10,000 + car

CHIEF ACCOUNTANT

The Client

The management company of an international shipping consortium.

The Job

Reporting to the Chief Executive with responsibility for the finance and accounting functions. Small accounting staff. Key areas are the control of revenues and disbursements on behalf of the consortium and the submission of regular reports to management on operation and efficiency. Sophisticated computer systems are in use. Some overseas travel will be involved as an important priority will be to establish a close working relationship with senior members of the consortium in Europe and North America.

The Candidate

A qualified accountant, aged from 30, with substantial management accounting experience. A shipping or transportation background will be a distinct advantage.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to J. G. Cameron, Executive Selection Division, Ref. C383 at the address below. Please include a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.

Management Consultants
 Shelley House, Noble Street, London, EC2V 7DQ.

Chief Accountant

c. £9,000

West Middlesex

Our client has a young and enterprising management team, sells and services computers and computer supplies and is the U.K. subsidiary of an Overseas parent.

Due to an internal reorganisation a Chief Accountant is required to control the whole accounting function and deputise for the Financial Controller who is frequently travelling abroad. An initial induction period will take place at the parent company offices; thereafter visits to Head Office will be necessary, say, four times annually.

Candidates, A.C.A. preferred and aged up to 32, should have at least 2 years post qualification experience in commerce. Prospects with this expanding company are excellent.

Applications in confidence to E. A. C. Griffin (Ref. 6396).
 This appointment is open to male or female candidates.



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£6,000

accountancy appointments

£9,000

Senior Appointments

GROUP ACCOUNTANT to £9,000
 Variety of Industries
 Excellent opportunity of controlling the accounts department of a family group covering several industries, including: property investment, manufacturing and retailing and entertainment. Ref. Y.6.
 P.A. to CHIEF EXECUTIVE

CITY £8,500
 An ideal opportunity to gain experience of all aspects of accounting and general management at senior level as P.A. to the top financial executive in diverse activity large group; deputising in his absence. Promotion prospects excellent. Ref. B.25.

CITY £8,000
 International Group
 International market leader manufacturing industrial machinery offers wide range of work on co-ordination of final statutory accounts and control of financial accounts together with liaison with top management. Ref. Y.47.

CITY £9,000 + Car
 Major subsidiary of highly successful and expanding quoted group offers an opportunity to control and motivate qualified staff and to be responsible for financial and management accounts in a computer environment. Ref. B.34.
 Apply to R. J. Mooney or I. C. Crichton

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Finance Manager

rural Bucks. c. £7,000

This vacancy created by the promotion of our Finance Manager to a newly formed company within the Group, should prove attractive to a recently qualified Chartered Accountant wishing to broaden his or her experience in a lively industrial environment.

The successful candidate will be joining an alert, professional finance team and will take on the general financial accounting responsibilities of producing and interpreting budgets, management accounts, preparing cash-flow projections, taxation and assisting with budgets, particularly in respect of cash-flow. DF support in most financial areas is provided by an established in-house function.

The company, part of one of the world's largest health care organisations, manufactures pharmaceuticals for both home and export markets, and is located in an attractive and accessible part of the Chilterns. Benefits include generous pension and life assurance schemes, and assistance with relocation expenses. Prospects for advancement are excellent.

For an application form, ring C. A. Furze, Personnel Manager, on Number 024 024 3541, or write to him at Ortho Pharmaceuticals Limited, PO Box 79, Sanderton, High Wycombe, Bucks, HP14 4HJ.

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 PHARMACEUTICAL LIMITED

RH

MERCHANT BANKING £8,000 + Exc. Bens.
 Genuine prospects feature in this well-established group whose services cover banking, investment management and making decisions. Reporting to the Financial Controller, the successful candidate will take responsibility for the accounting function of a number of specialist subsidiaries. This will involve overseeing a computerisation programme. The position will suit a young qualified accountant with a professional and well-balanced approach. C.LONDON

MONEY-MINDED ACA £8,000
 Keen to work in a highly qualified and experienced finance-orientated team? Capable of exercising judgement and making decisions? This appointment arises due to promotion within the Treasury Department of a major multinational. It calls for a qualified accountant, preferably a graduate under 30 years of age. The job involves extensive liaison at executive level and offers prospects either within the department or into areas of financial management. C.LONDON

YOUNG ACA £7,500 + Bonus
 An excellent move from a professional base into a non-routine role for a young flexible person seeking career prospects in the U.K. or overseas. This marketing orientated manufacturing group will require the successful candidate to translate marketing decisions into accounting realities and vice versa. The projects will be interesting and varied and seen as an eighteen month induction into the group's operations before promotion. BUCKS.

Lee House, London Wall, London EC2Y 5AS Tel: 01-586 6777

ROBERT HALF
 Accountancy & Financial personnel specialists

YOUNG CHARTERED ACCOUNTANT

London To £7,500 + benefits

Our client is one of the main national brewers which has also diversified interests throughout the U.K. Due to promotion a young qualified accountant is to be appointed as part of the Head Office finance team. He/she should ideally be a graduate and have experience of a large professional firm. There will be exposure to computerised systems and a wide variety of pro-a accounting duties including the preparation of group management accounts and reports, budgets, the monitoring of product profitability, the updating of accounting standards and ad hoc assignments. Candidates will also be expected to act in an advisory capacity to subsidiary company management and to travel occasionally within the U.K.

Applications, under Ref No. RC120, to: Miss Marion Williams, Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB - Tel: 01-353 5272

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- * You are a Chartered Accountant aged 28-35. You have at least 3 years' experience in industry. Ideally you live in the South of England or in Scotland. Above all you have an inquiring mind, energy and ambition. Now is your chance to broaden your career.
- * We offer excellent rewards: a salary negotiable around £8K, car, house purchase scheme and non-contributory pension.
- * If you match up to our high standards please telephone Linda Hayward, Recruitment Secretary, for an application form on: Windsor (07535) 67175 (24 hrs) quoting Ref: IN297/3

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Luton IMI, a substantial international consultancy in the electronics field, seeks a Group Accountant. Duties will include the preparation of annual accounts, budgets and monthly management accounts, aided by a computer bureau.

IMI is a leader in its field, fast growing and at an interesting stage of development, offering regular salary reviews, a good pension scheme and good prospects.

Candidates should preferably be qualified accountants over 27 with good experience of the management of a well-run modern accounts department.

Apply to: Richard Cockerell, FCA, Ian Mackintosh International Ltd., 33 Bruton Street, London, W1X 8BQ.

International Auditor

circa US \$17,000

American Express require an Auditor to join a professional Internal Audit Department. The position requires experience in the Internal Audit Department of a large commercial organisation, or in a professional practice on the audit of the accounts of multi-national clients. Candidates should be Certified or Chartered Accountants, or Certified Internal Auditors (by examination), preferably with a university degree. The Company offers competitive salaries and first class fringe benefits. The position is based in the U.K., but applicants must be prepared to spend up to 80% of their time on audits throughout Europe, Middle East and Africa. Applicants, ideally aged between 25 and 35 should write giving details of career to date to:

Mr. G. R. Brown, Manager-Central Personnel Services, American Express I.B.C., Amex House, Edward Street, Brighton, BN2 2LP.

AMERICAN EXPRESS

Divisional Accountant - Sales & Marketing

East Midlands, c. £7,500 + car

This is a key appointment within a profitable U.K. manufacturing company, whose products are exported worldwide. Reporting to the Financial Director, the Divisional Accountant will provide a comprehensive financial service to the aggressive Sales & Marketing Division. Candidates aged 25-30 should be commercially orientated, qualified accountants, with at least 3 years experience in a fast moving industrial environment. The work is demanding but varied, and applicants should possess both the ability and personality to make a positive contribution to the company's continuing success. Career prospects are excellent, fringe benefits substantial and relocation expenses generous.

R.R. Varley, Ref: 35079/FT

Male or female candidates should telephone in confidence for a Personal History Form to: BIRMINGHAM: 021-622 2961, Albany House, Hurst Street, B5 4BD.

Hoggett Bowers
 Executive Selection Consultants
 BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE AND SHEFFIELD

LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY

MANAGEMENT ACCOUNTING

Applications are invited from graduates for the post of LECTURER in ACCOUNTING in the University's Department of Management Studies. Candidates should have a specialised interest in Management Accounting. Salary within scale £4,232-£8,452. It is hoped to make an appointment within the lower half of the scale. Postcard requests for application forms and further details to: Paul Johnson, Establishment Officer, ref: 79/21415. Informal telephone enquiries may be made to Professor John Sizor (0509 65171, Ext. 325).

Loughborough Leicestershire

Tuvalu Principal Auditor

Up to £9260 plus allowances

A qualified accountant with several years post-qualification experience is required by this remote but developing country in the Central Pacific, until recently known as the Ellice Islands.

The successful candidate will be responsible for the audit of public and Government accounts and for reporting annually to the Government on these audits.

Salary includes a substantial tax-free allowance paid under Britain's overseas aid programme. Basic salary attracts 25% tax-free gratuity.

Benefits include free passages, generous paid leave, children's holiday visit passages and education allowances, outfit allowance, subsidised housing, appointment grant and interest-free car loan.

The terms on which civil and public servants may be released if selected for appointment will be subject to agreement with their present employers.

For full details and application form write quoting MC415/FF.

Crown Agents
 The Crown Agents for Overseas Governments and Administrations, Recruitment Division, 2 Millbank, London SW1P 3JD

Chief Accountant Buckinghamshire c.£8000

Our client, with manufacturing and other business interests located throughout the United Kingdom, is looking for a Chief Accountant to be based at their Buckinghamshire Head Office.

The main responsibilities will be the organising and control of the complete accounting function. Production of accounts to meet company requirements, and to expand the Personnel and General Administration areas of the business will also be of importance.

Applicants must be qualified members of a recognised professional accounting body and will preferably have gained Accounts office or Company Secretarial experience.

Experience of mini-computers and data processing systems would also be most advantageous.

The successful applicant as a senior member of the company will become involved in policy decisions.

Where appropriate a relocation package would be negotiated.

PER Professional & Executive Recruitment

Contact: Paul Didsbury, 105 St Aldates, Oxford Telephone: (0865) 723216

Applications are welcome from both men and women.

Management Accountant East London c.£7,500

Our client, a small well-established packaging manufacturing company, seeks an ambitious 'down to earth' Accountant to join their management team.

Your main duties will include the presentation of weekly profit estimates, monthly management accounts, capital/costs expenditure reports, capital project evaluation, annual budget and ad hoc investigations.

For selection, you must be an ACMA and aged between 25-38.

In addition, you will have a sound manufacturing environmental track record.

Benefits: Company productivity bonus scheme, annual company profit share-out scheme, contributory pension scheme, four weeks' holiday per annum.

Please contact: Richard May, (Chelmsford 0245 60234) Cater House, 49 High Street, Chelmsford, Essex CM11 0E. Applicants are welcome from both men and women.

PER Professional & Executive Recruitment

CHARTERED ACCOUNTANT

CAREER OPPORTUNITY IN THE SWIRE GROUP

This major British international group with extensive and expanding overseas interests is seeking a young financial executive for its London Head Office. This is a career appointment in which the successful candidate will report to the Group Financial Controller whilst being groomed for financial line management in the Far East in 2-3 years' time.

The requirement is for a recently qualified Chartered Accountant in their mid-20s with the character and potential to succeed to the senior positions which will be open.

A competitive salary, commensurate with age and experience, will be offered plus bonus and car.

Write in confidence to:
 F. H. Scobie
 F. H. Scobie & Associates, Management Consultants
 28-29 St. James's Square, London, SW1

Young Qualified Accountants

Taylor Woodrow International are currently concerned with accounting for contracts overseas for a variety of important projects including, roads, irrigation schemes, water resources, agricultural schemes, industrial process complexes, ports and buildings.

Join our financial team-workers based in modern offices west of London with good road and rail access, to take real responsibility for financial and management returns and accounting. We can offer you good prospects of promotion and there is a strong probability that your work will involve visits to overseas sites. In addition to a realistic starting salary you will enjoy all the benefits to be expected of a major international construction company.

For further details, men and women please write or telephone to Bridget Lorimer, Taylor Woodrow International Limited, Western House, Western Avenue, London W5. 01-997 6641.

Taylor Woodrow International

Management Accountant WC2 c.£8,000+Car

We are a significant force in the UK Computer Services field, founded in 1972, with turnover approaching £10 million in 1978.

We seek to appoint a qualified accountant (ACA, ACCA, or ACMA) with specific management accounting responsibilities, reporting to the Financial Director.

Excellent working environment and benefits—to include company car, pension etc.

Applicants, aged 25-35, should be capable of responding creatively to a challenging role which involves liaison with senior management. Apply in writing with CV to Box No. A.8780, Financial Times, 10, Cannon Street, EC4P 4BY.

ACCOUNTANT BERMUDA REF. 40934

Major Insurance Group requires a Chartered Accountant for their Bermuda office. Excellent conditions of service. Age group 27/35 years.

SALARY \$19,000 PER ANNUM

Please telephone in confidence
TREVOR JAMES
 I.P.S. GROUP
 (Employment Consultants)
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International industrial company offers you a secure and interesting future, with experience you'll appreciate, prestige and a wide range of professional and personal opportunities. To co-ordinate and consolidate the preparation of annual capital statements and subsequent control reporting on operating results and proposals to senior management. Excellent company benefits. Contact Ursula Ader on

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ACCOUNTANT/QUALIFYING? c. £7,500

Prospective senior management position within multi-national corporation. Join head office team with responsibility and involvement in projects, financial analysis, acquisition studies and strategic planning. Report to financial director. Excellent company benefits and career prospects. Contact Ursula Ader on

01-828 8055
 Churchill Personnel Consultants
 Abford House, 13 Wilton Road, London SW1V 1LT.

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These advertisements appeared in the Financial Times of 22nd May

Job Title	Salary	Location	Advertiser
Asst. to Financial Director	£7,750+Car	Ruislip Middx.	Arthur Young Man. Services
Financial Controller	£8,000+Car	East London	John Corliss & Ptas.
Asst. to Dir. Finance/Admin.	£7,044/£7,788	Sunderland	Boro. of Sunderland
Financial Analyst	£5,500	London	Lingaphone Staffhire
Management Accountant	£7,500	N. Kent	
Recently Qualified Financial Accountant	£8,500	City	Personnel Accountancy
Chief Accountant	£8,250	Kingston	
Recently Qualified ACA	£9,000+Car	NW London	
Company Secretary	£7,500+Car	Central London	Phillips & Carpenter
Asst. Man. Accountant	—	Foutypridd	Riala Ltd.
Accountant	—	Richmond	Bayer UK Ltd.
Group Man. Accountant	£19,000	Bermuda	IPS Group
Company Accountant	£8,000/£10,000	Moreton-in-Marsh	Beaverham Group
	£8,750	Camberley, Surrey	Dennis Chatfield & Associates

For full details see the FT of that date or telephone Julie Burgess on 01-248 8000 ext. 588

Handwritten signature in Arabic script.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why French 'patrons' seek bankruptcy insurance

FRENCH DOLE queues may be lengthening... Lorraine, steel workers becoming more militant...

Under pressure from creditors, liquidators are increasingly asking commercial courts to bring actions against directors...

director putting up his own personal assets as security. If the company goes bankrupt, it is but a matter of months before the banks start moving in on these personal assets.

increasingly demanding, French employer organisations started wondering how they could best protect their members.

tant to take on such uncertain risks. But last year SNPMI found an American insurance group which was prepared to offer directors cover for up to FFR 2m of damages in return for an annual premium which can be as low as FFR 4,000 a year.

Under the first system, which is being run with the help of the French insurance group Union des Assurances de Paris (UAP), participants would contribute five per cent a year of the benefits they might want to receive.

FFR 50,000 to FFR 200,000. The lower percentage would apply to federations which agreed to make the insurance compulsory for all its members rather than optional, but it may be revised to 2.5 per cent.

ment system, but they are reluctant to assume yet further financial commitments. But the insurance can only be reasonably inexpensive if strong as well as weak companies participate.

Kenneth Gooding describes the lengths to which a car maker has gone to sustain a sporty personality

BMW digs deep to protect its image

APPARENTLY THERE are very few of us left in the Western world who see the car as a simple conveyance...

But did it really matter if BMW dropped out of motor sport? The group did some extensive market research, taking 2,000 samples in Germany, France, Italy and Belgium.

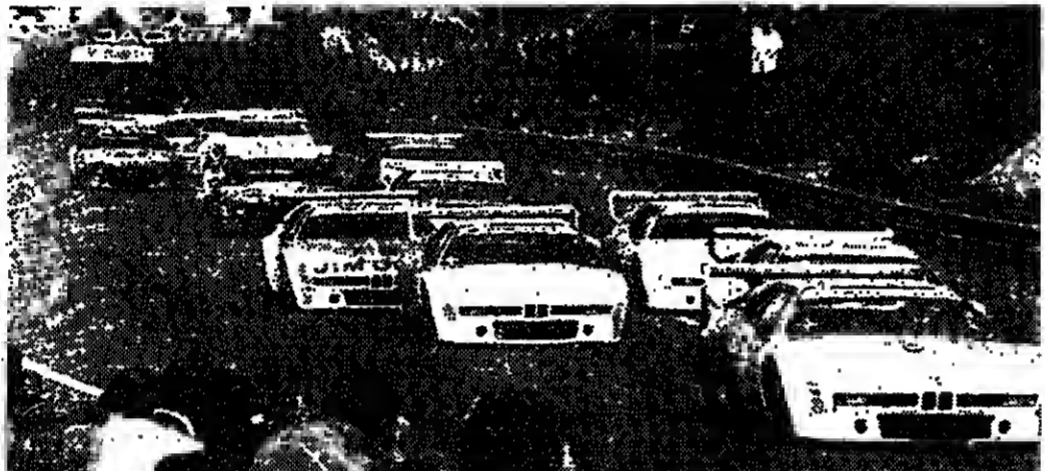
year, a product of BMW engineering and the design capability of the Italian concern Italdesign.

The group will have 300 M1s on the road by the end of 1979 and the targeted 400 some time in 1980.

BMW's luck has been in because the deal caused some controversy and the motor sport journalists, who would normally have practically ignored the M1 races—dubbed the Procar races—have given the controversy some coverage.

drivers in the Procar races—the idea is that the five fastest drivers in Formula One practice are invited to race M1s specially prepared by BMW against each other and up to 15 privately-entered (and sponsored) M1s.

there had to be some front loading, something to attract the Formula One drivers in the first place, some cash up front.



The first race in BMW's Procar series at the Belgian Grand Prix.

Who says you have no business in Monte Carlo?

Advertisement for Beach Plaza Hotel in Monte Carlo, featuring a photograph of the hotel building and text describing its amenities and location.

Advertisement for 'The business of the future today' by Fintel, a consultancy providing information and services to businesses.

Corporations in competition with a 'dark horse'

THREE TEAMS from Rank Xerox, one of them led by former European champion John Chappell, have won places among the 16 semi-finalists in the £3,500 U.K. national management championship.

Chartered Accountants in England and Wales in association with the Confederation of British Industry and the Institute of Directors.

Advertisement for H. UPMANN Havana cigars, featuring a photograph of a cigar pack and text about its history and quality.

Advertisement for JAL flights from London to Abu Dhabi, highlighting the route and service quality.

Advertisement for 'The alternative to vehicle leasing' by Kenning Contract Hire, offering flexible leasing options.

Another hard day's grind at the Inn on the Park.

Large advertisement for the Inn on the Park, featuring a cartoon illustration of a man and text describing the hotel's amenities and services.

Table showing flight schedules for JAL routes between London, Abu Dhabi, and other destinations, including departure and arrival times.

The U.S. sets a bad example

BY DAVID FISHLOCK

PRESIDENT CARTER could be in for a hard time when the Tokyo economic Summit gets around—as it surely soon will—to the subject of energy. His Administration has failed to persuade the world's most prodigious consumers of energy that there is any real need to make do with less.

Plutonium

At the London Summit two years ago President Carter, freshly elected, tried hard to persuade his fellow heads of state to accept his domestic nuclear policy. This policy—partly, it should be said, inherited from the Ford Administration—was preoccupied with nuclear proliferation. It sought to forbid the recycling of spent nuclear fuel and the use of its plutonium by-product, despite the fact that for three decades this had been recognised widely as one of the most promising ways of conserving a fuel.

Instead, from the advantage of believing his country to be abundantly stocked with uranium, the new president urged the adoption worldwide of U.S.-designed reactors and promised to guarantee uninterrupted supplies of fuel to those who accepted U.S. policy. He even held out promise of developments in fuel and reactors which might spin out the fuel to yield one-third more energy.

Confidence

As a result other nations which have exercised more painstaking care to police their nuclear installations are threatened with a sharp loss in public confidence, consequent upon an accident thousands of miles distant. For several, plans to let uranium shoulder an increasing part of national fuel consumption seem bound to be hampered. Germany's decision to defer plans for a Windscale-type factory is an obvious case in point.

TV/Radio

6.40-7.55 am Open University (Ultra high frequency only), 9.30 For Schools, Colleges, 1.15 pm News, 1.30 The Flumps, 2.00 You and Me, 2.14 For Schools, Colleges, 3.20 Ar Y Brig, 3.33 Regional News for England (except London), 3.55 Play School (as BBC2 11.00 am).

F.T. CROSSWORD PUZZLE No. 3987

Grid for crossword puzzle with clues: 1 After a pause Dan is upset with the special service unit (8), 2 In teaching there is unreasoning perception (9), 3 South Sea Island carriage (5), 4 Look up the festival and make Olive wild (8), 5 Norman French must be about initially if there is a stink (4), 6 Amid which Ruth stood in tears (5, 4), 7 Plenty have a hair-do before the hall (9), 8 Shivers in the Women's Service to hazard an opinion (2, 1, 5), 9 A fool if nothing among Republicans (4), 10 Say what you may get if you miss the prize (7), 11 Consort found on watch (6), 12 Keen, but sounds a bore (5), 13 Half the capital gets you round Paris (5), 14 Under age worker follows in loudly (6), 15 Escort vessel finds entrance after a short day (7), 16 Doing this up is something of a gamble (7), 17 Red note includes you (6), 18 Coloured cake betrays the raw hand (9), 19 Decoration of the youngster returns to me (5), 20 Induces the breakfast menu (14, 2), 21 Diets can show how far you have to go (8), 22 'Yisses bound himself to the man to escape them (6), 23 The lazy get in and act before term (8), 24 Amulets provide a companion with weapons (6), 25 'We have — to make women speak' (Anatole France) (9), 26 Objective of the RAF as skill mounts (5), 27 Doctor has work-out in the rugged march (4, 3).

Inexpensive wines for summer drinking

IT IS often suggested that some wines are more appropriate for drinking in the summer than others. This may be true, but one drinks lighter wines then, though it would be hard indeed to convince the Burgundians to drink Bordeaux or the Piedmontese to sip Bardolino.

Certainly in the British summer claret is easier to bring to table in many houses than it is in winter. But among white wines, summer surely indicates drier wines at one point, sweeter at another. So the summer wine list may best be divided into three: aperitifs, wines with meals and dessert wines.

The "cru" wines, such as Moulin-à-Vent and Fleurie in the French resistance, but these days Alsace is not the only wine to once was, and I find it goes admirably with any fruit and flavour, but for summer drinking a Beaujolais Villages 1978 can be dangerously delicious: dangerous because it is not so difficult to drink too readily a wine that may not be as innocuous as it seems.

WINE

BY EDMUND PENNING-ROWSELL

For wines to accompany summer cold meats, the Loire whites are obvious candidates. From Pouilly Blanc Fumé and Sancerre to one end of the region to Muscadet at the other. The former pair have a clear advantage in quality and flavour, but Muscadet is a good deal less expensive.

now producing very attractive wines are those from the Trentino and Friuli, particularly those made from the Cabernet-Sauvignon and Merlot grapes.

As dessert wines the sweeter German wines are incompromisable, but the dessert must be chosen with care: no sharp citrus fruit nor anything resembling coffee-flavoured. Indeed, a fine Auslese at least should be drunk on its own on a clear palate, not least the delicious Rieslings from Rhine and Moselle.

Sir Lester at Salisbury

LESTER PIGGOTT is not often seen at Salisbury these days and it seems significant that he should be there this afternoon for a minor eve-of-Derby meeting.

The principal reason for his visit appears to be the presence of the well-fancied Backstopper runners, Aber and Chop Gate. The first named has yet to run and it is only her reputation that prompts me to take a chance on another first-time runner for Jeremy Tree; but Chop Gate undoubtedly has the credentials to defy top weight in the Harnham Handicap.

Chop Gate, a highly-promising runner-up to Leonardo da Vinci on his racecourse debut in last spring's Wood Ditton Stakes at Newmarket, has been brought on from the 1988 1,000 Guineas winner, Caegwyle, subsequently proved something of a disappointment. However, he did win a modest event, beating Lazy Dynamite by one-and-a-half lengths in a ten-furlong maiden event on the July course.

Confidence

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RACING

BY DOMINIC WIGAN

running in the Turn of the Land Handicap on 2,000 Guineas day, the Lady Murlis four-year-old almost succeeded; going down by just a head to The Hertford, to whom he was conceding a stone.

OPERA & BALLET

COLISEUM, 8.30-9.15, 10.00-10.30, 10.45-11.30, 12.00-12.30, 1.00-1.30, 2.00-2.30, 3.00-3.30, 4.00-4.30, 5.00-5.30, 6.00-6.30, 7.00-7.30, 8.00-8.30, 9.00-9.30, 10.00-10.30, 11.00-11.30, 12.00-12.30.

ENTERTAINMENT GUIDE

Grid of entertainment listings including THEATRES, OPERA & BALLET, and CINEMAS. Listings include venues like Apollo Theatre, Lyric Theatre, and various plays and films.

ATV

1.20 pm News, 2.30 The Sunday Show, 3.00 The Sunday Show, 3.30 The Sunday Show, 4.00 The Sunday Show, 4.30 The Sunday Show, 5.00 The Sunday Show, 5.30 The Sunday Show, 6.00 The Sunday Show, 6.30 The Sunday Show, 7.00 The Sunday Show, 7.30 The Sunday Show, 8.00 The Sunday Show, 8.30 The Sunday Show, 9.00 The Sunday Show, 9.30 The Sunday Show, 10.00 The Sunday Show, 10.30 The Sunday Show, 11.00 The Sunday Show, 11.30 The Sunday Show, 12.00 The Sunday Show.

BBC 1

6.40-7.55 am Open University, 9.30 For Schools, Colleges, 1.15 pm News, 1.30 The Flumps, 2.00 You and Me, 2.14 For Schools, Colleges, 3.20 Ar Y Brig, 3.33 Regional News for England (except London), 3.55 Play School (as BBC2 11.00 am).

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BBC 2

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CINEMAS

ABC 1 and 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

FINANCIAL TIMES SURVEY

Tuesday June 5 1979

BAHRAIN

Bahrain has successfully diversified its economy away from oil, which is slowly running out. Its internal stability depends on providing gentle economic growth, housing the poorer Bahrainis and making sure there are enough suitable jobs to go round.

Future lies in skills

By James Buxton

BAHRAIN IS the only Arab island State and has the best of two worlds. It has the strong separate identity and self-reliance of an island but it also has the benefit of being part of a group of nations with surplus cash and a growing habit of co-operation.

Bahrain is friendly tolerant and open, and its places lush and pretty. It makes these attributes a stock-in-trade for those who find it heavy going in the unwelcoming austere and usually arid world of the Wahhabi Moslem fundamentalists in Saudi Arabia, less than 30 miles away. Yet Saudi Arabia does not disapprove: it is keen to help Bahrain and deepen the already strong economic ties with its little neighbour.

Bahrain has the kind of civilisation that comes from millennia of settled farming, fishing and pearling, the sophistication and fast reactions, natural to a trading community, and the degree of diligence necessary in a place where oil is produced before World War II, is gradually running out. Though there are jobs that Bahrainis now leave to the foreigners who make up at least a third of the population, they do get their hands dirty with work.

These are useful assets for a place which is growing richer much more slowly than its neighbours and so is in some ways becoming more dependent on their economies. As the output from Bahrain's own small oilfield declines the revenue it obtains from its half-share of a field with Saudi Arabia assumes greater importance. It obtains relatively small quantities of aid both from the Kingdom and from Kuwait. It has made a virtue out of co-operation with Saudi Arabia in its chief non-oil industrial venture, the gas-powered aluminium smelter ALBA, and so is getting Saudi Arabia to help finance its expansion while sharing in a future smelter on the Saudi mainland.

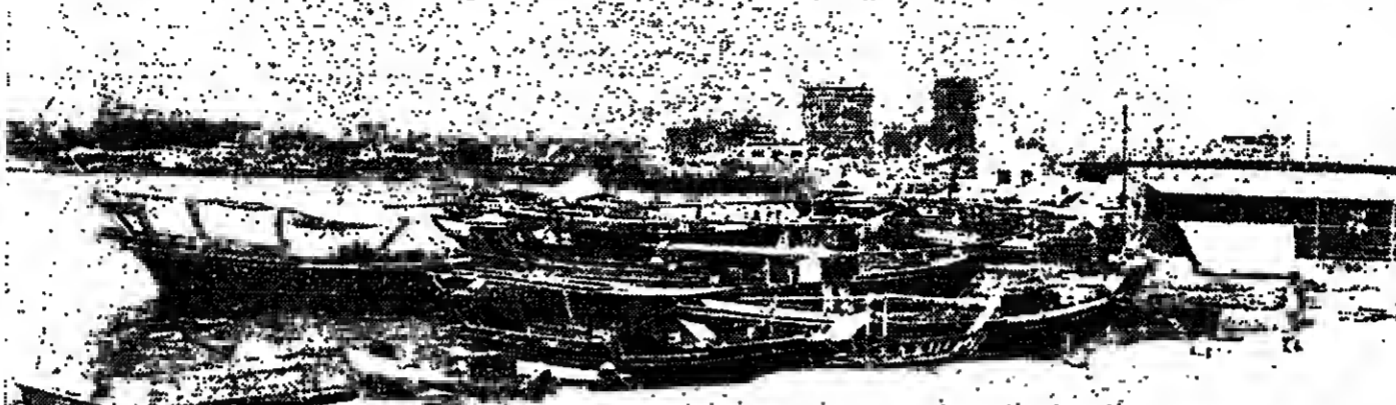
Bahrain's geographical position, relatively skilled labour force, modern infrastructure, fine communications and good relations with other Arab States were the reasons for its being chosen as the site of the Organisation of Arab Petroleum Exporting Countries' dry dock, now in its second year of operation.

But in a part of the world where viable industrial projects are hard to come by Bahrain is moving more deeply into services, especially as a financial centre. It decided to make more than its neighbours of the absence of taxation and as a tax haven has profited considerably from the growth of offshore banks since 1973, and has followed this success by starting to register companies exempt from the usual conditions of having majority stakes held by locals.

Bahrain should be in an even better position to market its skills when, as seems almost certain, it becomes physically joined to Saudi Arabia by the construction of a causeway across the shallow waters that divide them. The causeway was promised early in the decade by the late King Faisal of Saudi Arabia to bind the two States whose ruling families, the Saudis and the Khalifas, are related. It was a gesture to assert the Arab identity of Bahrain after the Shah of Iran finally gave up his claim to the island in 1970.

The project has been so long talked about, with only slow progress being made towards its implementation, that it has begun to lose some of its glamour. In many respects this is a bizarre project. The cost will be borne by Saudi Arabia, and figures of between \$300m and \$1bn have been mentioned, high because of the need to build several miles of bridge to prevent the sea between Bahrain and Saudi Arabia silting up. To an outsider it seems that a good ferry service like the cross-Channel services between England and France would suffice for the traffic that can be generated by two relatively small populations. Considering the two States' expressed desire for closer links it is curious that a proper vehicle ferry service has not been created already. There is only intermittent traffic by dhow while it has taken a long time for the air services to become fully adequate for the traffic.

Bahrain of course will benefit enormously in economic terms from the scheme, and hopes that its hotels will receive a boost from weekenders streaming across from Saudi Arabia's Eastern Province, and even that workers will be able to commute daily from Bahrain to Saudi Arabia. It is less clear what economic benefits Saudi Arabia will get out of it in proportion to its cost, and much depends on what restrictions are placed on the use of the causeway and on the relatively tolerant attitude to such things as alcohol and wet T-shirt competitions in Bahrain.



The dhow harbour at Muharraq

(Photographs by Terry Kirk)

But now the World Bank is evaluating the prequalification bids for its construction and it seems quite likely that work will start next year, with completion in about four years.

Bizarre

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In fact some limit on the use of the causeway might be welcomed in Bahrain where no one wants to be swamped by visiting Saudis. And the Government certainly does not want to see a sudden explosive boom of the kind that racked the island and enriched many people in 1975 and 1976.

The boom was an important reason why Bahrain accepted fairly calmly the suspension of the constitution and the dissolution of the National Assembly in August 1975. With its relatively big working class Bahrain had been a place of vigorous political activity and trade union pressure during the 1950s and

1960s, and it was to satisfy discontent that the present ruler, Sheikh Isa bin Sulman al Khalifa, established the assembly in 1972. Much of the opposition was directed against the dominant British position in Bahrain, so when Britain finally left in 1970 and pulled out of the Gulf completely the following year it gradually became clear that a major focus of opposition had gone.

Since the dissolution of the assembly—which had turned out to be, at least in the Government's eyes, an unruly and unconstructive talking shop—Bahraini politics have seemed more tranquil. Yet the island's population is not homogenous and there are considerable underlying tensions which occasionally surface. The majority of the population, perhaps 60 per cent, are Shia Moslems, many of them descendants of the original inhabitants of Bahrain, but others are Persian immigrants of different vintages.

The Khalifa clan, numbering about 5,000, are, like many others, Sunni. With some exceptions the Shites are in less commanding positions on the

island and tend to regard the Khalifas, who came to Bahrain from mainland Arabia in the mid 18th century, as relative newcomers. The revolution in Iran has demonstrated to the Shites what can be accomplished, and with its many Persian groups the fear of a spillover from Iran has become a major concern of Bahrain's Government, even though a march in support of Ayotollah Khomeini last February was something of a flop.

Yet with its efficient police the Government seems to be able to keep religious tensions under control, while those members of the banned Popular Front for the Liberation of Oman and the Arabian Gulf keep their sympathies quiet. Many leaders of political opposition are now either in government or doing well in business.

But above all there are simply not the grievances that were the undoing of the Shah. The ruling family is not particularly extravagant, and there are few if any prestige projects and white elephants: the Government has tried hard to improve things in Bahrain by

spending on the infrastructure and building up a good, well-run welfare system.

Industrial disputes are usually headed off by prompt action by the Ministry of Labour and a system of councils in workplaces have taken the place of the trade unions. Labour legislation strongly favours the workers (it is very difficult to sack someone) and the system is so designed that to obtain his entitled benefits the worker must go to the Government.

But there are two key areas where more Government action is needed. The first is housing. The boom led to an enormous upsurge in building villas for expatriates, but housing for the poorer people provided by the State failed to keep up. The private sector overbuilt and the result is that there are about 1,000 empty luxury houses all over Manama, their owners still holding out for a rent very few Bahrainis could pay, while poorer people have to share houses with their relatives at a time when the nuclear family, a mark of Bahrain's sophistication, is becoming more common.

The Government has gradually met a higher proportion of its housing targets but it cannot afford to provide houses for everyone—hence the plan for a Housing Bank where house buyers' contributions would be matched with Government funds. But the bank has yet to become operational, and when it does it will need to provide about 2,000 houses a year for a decade.

The other problem is employment, which has gradually become an issue after the boom folded. The recent shedding of staff at ALBA had to be handled tactfully. With more than a third of the labour force non-Bahraini it is a question of providing the kind of jobs that match the skills of the Bahrainis.

Recently the Minister of Education admitted that the education system in Bahrain was producing people not always suited to the kind of work available, either in

BASIC STATISTICS

Area	236 square miles
Population	341,000 (est.)
Trade (1977)	
Imports	BD 803m
Exports	BD 730m
Imports from UK	£114m
Exports to UK	£13.7m
Trade (1978)	
Imports	BD 792m
Exports	BD 734m
Imports from UK	£120m
Exports to UK	£34.7m
Currency = dinar	£1 = BD 0.786

Bahrain or in Saudi Arabia. They had been trained largely in arts subjects when the emphasis in Bahraini jobs is in such fields as engineering, accounting, foreign exchange dealing and computing. Many Bahrainis have been losing the command of English they established at an early age by long stays at Arab universities. The problem applied to only 300 or 400 people, but in Bahrain terms that is a significant number.

The Government is studying the problem and trying to co-ordinate education planning with labour needs, while trying to encourage people to think more broadly about the kind of jobs they will consider doing. The fact that the Government cannot afford to give people sinecures is a good discipline in the labour market.

As an island trying increasingly to make its living in the world on the strength of its tolerance and open-mindedness Bahrain feels uneasy having, as an Arab State closely tied to Saudi Arabia, to impose the Arab boycott on Egypt. Bahrain has broken diplomatic relations with Egypt though it has made it clear that individual Egyptians will still be welcome in Bahrain. The Egypt-Israel peace treaty issue has brought Bahrain into uncomfortable prominence in the Arab world and the expressions of satisfac-

CONTINUED ON NEXT PAGE

Bahrain provides one of the most sophisticated telecommunications services in the world.

Internationally

The superb international communications available in Bahrain are one of the major reasons for the State's pre-eminence as an offshore banking centre and base for fast-growing industrial enterprises.

The earth station which Bahrain International Communications has been operating for over ten years was the first of its kind in the Gulf. It provides voice, telex, telegraphy and facsimile links worldwide.

A second earth station will become operational in 1980, and there are already direct dialling facilities to the United States, most of Europe and the Middle East, Japan, Singapore and Hong Kong. Soon Australia, New Zealand, Korea and Thailand will be added to the list.

Other services about to be introduced are IDAS—giving access to the huge data banks in the USA. And Bureaufax—a bureau which will provide international facsimile services. The company also leases circuits to banks, airlines and many other concerns which give super fast international telegraphy links, as well as ship to shore telecommunication facilities.

Bahrain International Communications
Mercury House, PO Box 14, Al Khalifa Road, Manama, Bahrain. Tel: 256655



Nationally

Bahrain's national telephone service is growing rapidly because of rising demand.

An investment programme is well under way to increase the size of the existing telephone system. A computer-based digital exchange plus a number of other new exchanges are being installed to meet existing and future requirements.

Bahrain Telephones can match the level of telecommunications sophistication offered by any country in the world. It offers the very latest push-button telephones and stored call facilities, which obtain frequently dialled numbers at the press of a button.

A further example is the car telephone service. It enables a subscriber to dial many parts of the world, and of course any part of Bahrain, directly from his own car, without operator assistance.

The company is confident that its large scale investment in new technology and exchanges will keep pace with future demand.

Bahrain Telephones
Manama, Bahrain. Tel: 233133



Cable & Wireless helps the world communicate

Head Office: Mercury House, Theobalds Road, London WC1X 8RX Tel: 01-242 4433 Telex: 23181

BAHRAIN II

Brighter prospects on the horizon

THE ECONOMY

JAMES BUXTON

EVER SINCE the great Gulf boom into recession in 1977 Gulf State governments and businessmen have been on the lookout for the first sign of significant recovery. Rather like Noah and the dove he sent out from the Ark, Bahrain believes it has spotted dry land at last.

No-one in Bahrain is looking to a repeat of the 1975-6 boom. Construction activity on that kind of scale, which led the upsurge, is virtually unrepeatable because even if there were another multifold increase in revenue there would be little left to build. Nor do the Government and many other people really want the searing experience of another fierce boom with its attendant inflation and congestion. As Mr. Yusuf Shirawi, the Minister of Development, says: "Bahrain lost its head for two years." (Bahrain's neighbours did too, mostly on a grosser scale.)

What Bahrain wants, and is beginning to experience, is a return to a more "normal" gentle expansion of the economy. The boom, caused by the effects of the 1973-74 oil price rise on Bahrain and particularly on its neighbours, caused a dramatic increase in imports, was assisted by greatly increased Government spending which went largely into improving the infrastructure, and saw a tremendous upsurge in private-sector construction both of offices and homes, in response to the drastic shortages caused by the boom and by the sudden influx of bankers as Bahrain became an offshore financial centre.

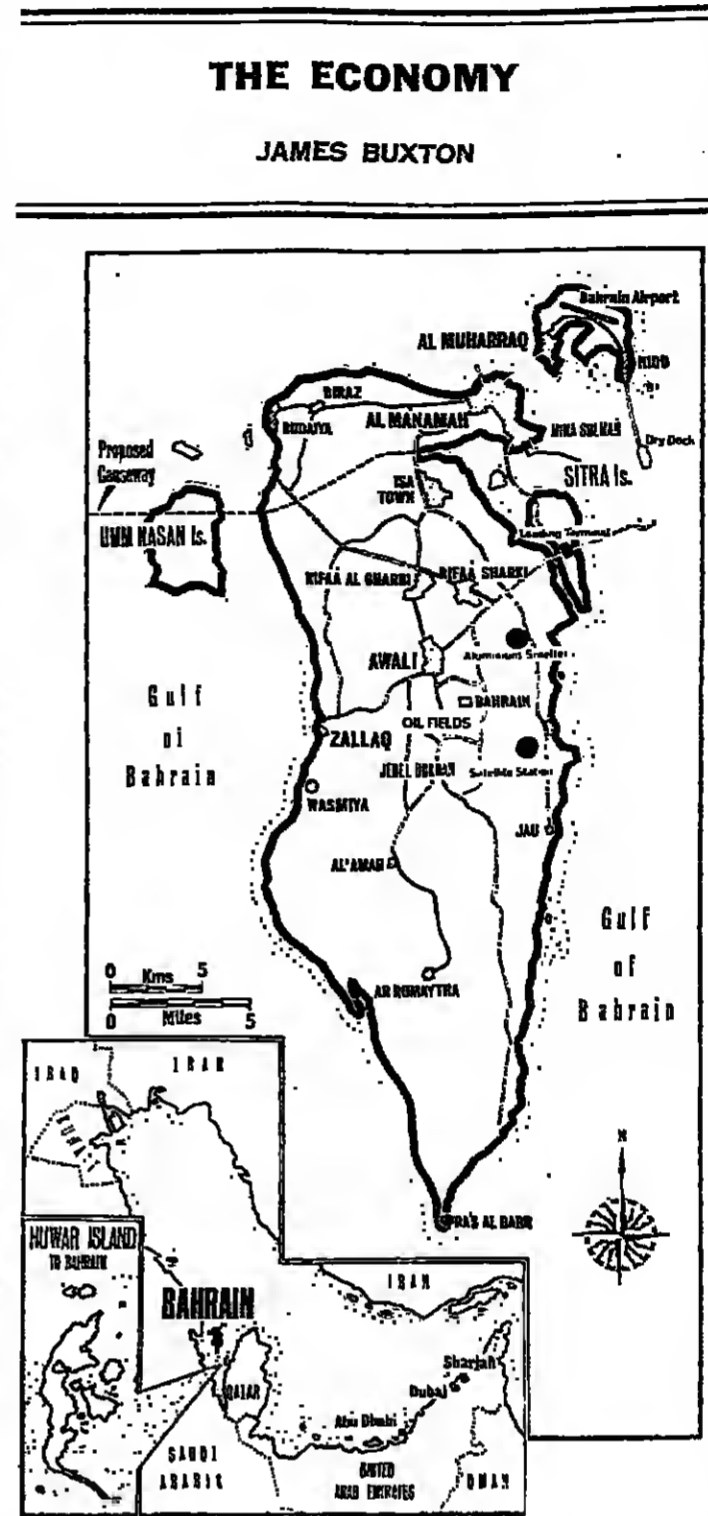
When the boom collapsed as Government projects were completed and liquidity dried up, land values and rents came down, with office and apartment rents down about 50 per cent and housing down 35 to 40 per cent. Inevitably many of the banks were left with bad debts on property loans, but in general they tended not to foreclose on their debtors and thus precipitate a chain of bankruptcies. Rather have they left them to work out their positions gradually, and while this process is far from complete there are signs that the increase in the money supply this year will, at around 10 per cent, be a little above last year's rise of 8 per cent. (In 1976 it increased by 65 per cent over the previous year, but the rise dropped to 17 per cent in 1977.)

Increase

Now letters of credit are showing an increase (imports actually dropped fractionally last year); there are signs of an upturn in air freight traffic; some small new industrial developments are going ahead; and there are said to be signs of a slight reduction in the vast choice that faces the prospective tenant seeking offices or somewhere to live (even though many rich Bahrainis, either for atavistic reasons or for their own use, are still putting up new villas).

After some deficit financing during the boom, when the Government spent heavily on improving roads, power supply, water and sewerage, the Ministry of Finance has now achieved financial stability with a balanced two-year budget covering the years 1978 and 1979. Yet the direct benefits to Bahrain of this year's oil price escalation will be proportionately less than for its oil-producing neighbours. Because of the diversification of the economy oil now accounts directly for only about 55 per cent of Government revenue; its own Bahrain field is slowly declining by about three per cent a year (output was about 51,000 b/d in the first three months of this year); and though Bahrain has naturally benefited from higher prices here its other main source of income, its half share with Saudi Arabia of the Abu Safa field, is subject to the Saudi decision not to impose surcharges on the price. On the other hand the government is also getting more revenue from more effective collection of fees and charges.

The effect of this year's price increases should be to make it possible for the Government to balance its budget without recourse to grants from Kuwait



projects, aware of the limited fields in which even this most competitive of Gulf States has a comparative advantage and of the dangers of being swamped by the schemes of its neighbours. There will be downstream development from the existing industries—into moonlight manufacturing using aluminium, for example—and co-operative ventures with Saudi Arabia, founded on the warm relations between Mr. Yusuf Shirawi, the Development Minister, and Dr. Ghazi Al-Gosali, the Saudi Minister of Industry.

Currently the emphasis is on developing Bahrain as a service centre for the Gulf and the centrepiece of this strategy is the offshore banking units (OBUs), of which 50 are in operation since the start of the operation in 1973. The OBUs benefit from the rigidity of banking regulations and practice in Saudi Arabia and Kuwait as well as being part of the international network of financial centres, conveniently placed about half-way between Singapore and London.

The OBUs do not handle much of the oil States' official surpluses but rather the surplus of the private sector of the region to the tune of nearly \$12bn last year. The OBUs are effectively unmatched by any competition in the region and although growth has now slowed down in terms of the number of new banks, the assets handled stood at \$23bn at the end of last year, more than in Singapore.

Commerce

The OBUs provide commerce and employment for Bahrain both directly and indirectly, benefit the balance of payments and have led to other financial operations getting underway. A follow up development was the registering of offshore or exempt companies (ECs), a system whereby companies can register in Bahrain without needing local participation, but also without being allowed to compete in the local market. This enables them to use Bahrain as a tax-free base for their operations, usually in Saudi Arabia, with a more respectable place of registration (in Arab eyes) than some of the other tax havens.

But to make the operations worthwhile from the island's point of view the ECs have to operate a genuine headquarters in Bahrain and employ staff there. The ECs, which began in 1977, have been slower to catch on than the OBUs but about 25 have so far been established. Bahrain is promoting itself as a service centre with exhibitions and conferences, designed initially to fill the excess capacity caused by the hotel boom (the number of first-class beds will double again during the coming year). Yet despite being at a more pleasant environment, a greatly superior degree of friendliness and free access to alcohol.

Already Bahrain's invisible earnings cover its deficit on the trade account (which last year stood at BD 58.6m on imports of BD 791.6m). Yet the pattern of Bahrain's trade has changed in the past few years and its role as an entrepot trading centre has declined as other Gulf States have improved their port facilities. Last year Bahrain's re-exports to Saudi Arabia fell by a third to BD 32m.

Yet it is with Saudi Arabia's Eastern Province that Bahrain is destined to become most deeply involved. The plan for building the Saudi financed causeway now looks as likely to go ahead as it ever has been, and could even be under construction within a year. Its effect on Bahrain's economy when it is complete, should be within four years of starting, depends on how freely it can be used, but it should benefit all the elements in Bahrain's existing economy by giving them better access to the biggest market in the peninsula, enabling some of Bahrain's imports to come in relatively cheaply by road and enable Bahrainis and expatriates living on the island to work in Saudi Arabia.

But as Mr. Yusuf Shirawi says, the causeway is an opportunity to be exploited, rather than to initiate any development itself. It will, however, provide a considerable economic boost while it is under construction and should help take up some of the slack in the property market. Bahrain merchants are quietly looking forward to it, but with a caution inevitable for a project that has been talked about so long and almost discounted in advance.

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Skills

CONTINUED FROM PREVIOUS PAGE

tion with its attitude that it has received from Iraq are sending shivers down a few spines.

A major cause of contention between Bahrain and its fellow Arab States used to be the existence of a small U.S. naval base on the island. The agreement for the use of the facilities was abrogated in 1977 and officially the U.S. now has the same naval refuelling rights on Bahrain as any other navy, though there is still a small number of U.S. Navy personnel in what is called the Admiral's

support unit, using transport facilities in most unarmoured colours, and there is still a telephone book entry for the U.S. Commander Middle East.

Yet if Bahrain justifiably presents a cosy appearance with its way of life preserved in the shadow of its big neighbour, any State with oil reserves declining over the next 20 years needs very careful management to maintain its economic viability and hence its political autonomy. Services and downstream industries are unlikely to provide cash in the volume that

oil does, while increased reliance on the oil and money of others may reduce freedom of action. In a part of the world where costs are high there is a danger that Bahrain may not have the competitiveness it will later find essential.

The successors of the men who have shown agility and foresight in bringing Bahrain to its current state will need even more skill in the coming decades if they are to guide Bahrain along the tightrope between economic self-sufficiency and political subordination.

متنامة للصل

BAHRAIN III

Modest optimism after a quiet year

ANKERS IN Bahrain are taking a positive, if not over-enthusiastic view of business prospects for the rest of 1979. "Sound but quiet" was one verdict. There is general agreement that the real upswing in economic activity will come not this year, but in 1980 or later, with the award of contracts for the Saudi-Bahrain causeway.

When construction does get under way—and many people are adopting a wait-and-see attitude towards this costly project—the impact of the causeway on Bahrain will be as much psychological as economic. But renewed business confidence must not be allowed to get out of hand, a leading local banker warns—"Banks will have to be very careful not to generate speculation by 'poor' lending practices, such as occurred in the 1974-76 real estate scramble."

The effects of those ill-winded loans are still evident, with nearly 40 per cent of all lending committed to the construction sector. A few throwers can barely keep up with the interest payments, and have no prospect of repaying a capital. Their other business interests have suffered accordingly.

Revival

The Director-General of the Bahrain Monetary Agency, Mr. Abdulla Saif, hopes to see a modest revival in the coming months, after a year in which lending to the private sector increased by only 5 per cent. He bases his optimism on Government intervention in support of the housing programme, through the establishment of a \$100m Housing Bank, and the private sector's new willingness to invest in local industries.

Two projects for the manufacture of welding electrodes and nitrate are together worth \$12m. Also coming up this year is the \$120m expansion of the aluminium smelter, for which contracts will be out in autumn.

"Bank lending will certainly ease, up to 10 per cent above last year," Mr. Saif said. "This has a multiplying effect in the level of domestic liquidity." His forecast is a 15 per cent growth in credit—higher than last year's 13 per cent.

The recent increase in deposit rates (to 8 per cent for one month money, 8½ per cent for one year) aims to encourage re-investment in local cur-

BANKING

MARY FRINGS

rency, even though dollar rates are around 2 per cent higher. Banks are finding deposits harder to obtain than loans.

First quarter 1979 returns from the 19 commercial banks in Bahrain (Al-Ahli Commercial Bank opened at the end of December, and so does not appear in the 1978 results) show advances and credits rose by 3 per cent and the money supply (M2) by 2.557 per cent. Trade showed an apparent upturn with contra accounts—letters of credit and guarantees—up 6.7 per cent. But with world inflation running at higher levels than these figures are hardly encouraging.

Government spending remains static, and in real terms is lower than last year. While tight fiscal control has not made the contracting industry very happy, a senior American banker declares himself to be "fond of governments dedicated to a balanced budget."

Statistics just released by the Bahrain Monetary Agency show that while the commercial banks varied considerably in performance during 1978, the overall profit of BD 10m (\$26m) remained virtually unchanged.

The two locally incorporated retail banks, National Bank of Bahrain (NBB) and Bank of Bahrain and Kuwait (BBK), held 55 per cent of the assets and made 44 per cent of the total profits—which would seem to leave only a small share of the cake for the remaining 16 banks.

They also did one-third of the BD 216m (\$560m) letter of credit and guarantee business, and banded out 49 per cent of the loans.

BBK is rather a special case in that its consolidated accounts include OBU items and also its branch in Kuwait, which after nine months in operation made up one third of the balance sheet. Other anomalies in reporting procedure, and the different objectives of retail and wholesale banks, require that the figures should be taken with a pinch of salt.

It is clear, however, that in terms of profit the two American banks Chase and

Citibank, made a spectacular recovery, Grindlays more than doubled its earnings but in most cases increases were modest: NBB attributes its own unimpressive 1.1 per cent profit growth to a 9 per cent decrease in lending during 1978, narrower margins in the money market and higher operating costs.

Nevertheless, its total assets rose by 23.9 per cent, and operating results for the first three months of 1979 show a 16.8 per cent increase in net profit over the same period of 1978.

BBK were 13.4 per cent down on 1977, and British Bank of the Middle East's profits fell 25.9 per cent. The Iranian Bank Mellat had a disastrous year—and it was a surprise to see Bank Saderat Iran doing so well. Paris-Bas dropped 70 per cent, possibly because some business was transferred to the OBU Continental Bank, now in its third year of operation, has still not reached break-even point.

Incorporated in the Cayman Islands with its administrative headquarters in Bahrain, Continental is a joint venture between Bahraini interests and Continental Illinois National Bank and Trust Company of Chicago, which ranks among the U.S. top ten. The bank is regarded in the Bahrain market as conservative. Its interest in developing the wholesale business and its stated aim is to seek quality rather than immediate profitability.

At present, the venture's operating cost-ratio is the highest in Bahrain (5.35 per cent of average assets), whereas net interest earnings (2.39 per cent) and other income (0.9 per cent) total only 3.29 per cent.

Both the local banks have undergone a period of rampant growth, with all the operational problems that entails. Although it was established 22 years ago, NBB was until 1974 a small domestic concern with assets of no more than BD 32m (\$83m).

By the end of 1978 assets had increased five times without any change in the way the bank was run. To put the whole operation on a sounder footing, a restructuring of management was required, together with an injection of people from outside the bank who had both practical and academic training in banking.

It is clear, however, that in terms of profit the two American banks Chase and

to begin operating this year, has an authorised capital of BD 40m (\$104m). The Government has pledged BD 75m to housing over a three-year period, including an initial BD 15m in capital for the bank. Its objectives are to make loans to citizens to build their own homes; to give credit for the construction of residential or commercial buildings; and to encourage the local manufacture of building materials.

Although the national insurance companies in Bahrain do not hold quite such a dominant position as the national banks, their importance is growing rapidly with the securing of such accounts as Gulf Air, Banoco (Bahrain National Oil Company) and Balexco (the aluminium extrusion company).

Training

Of the three general insurance companies—a fourth concentrates on motor business—the oldest is Bahrain Insurance Company, founded in 1969 with a one-third interest held by the State Insurance Organisation of Iraq. Its annual premium income is now over BD 2.2m and despite a couple of expensive fire damage claims last year, the company made a profit of BD 308,000, nearly 40 per cent up on 1977. It has branches in Dammam (Saudi Arabia) and Dubai.

Al-Ahli Insurance Company, which is totally Bahraini owned, was established in 1976 with an authorised capital of BD 1m, of which half has been called up. Premium income rose 88 per cent in 1978 to over BD 1m,

and profits of BD 171,000 represented a 90 per cent increase over 1977. The company recently opened a branch office in Al-Khobar in Saudi Arabia.

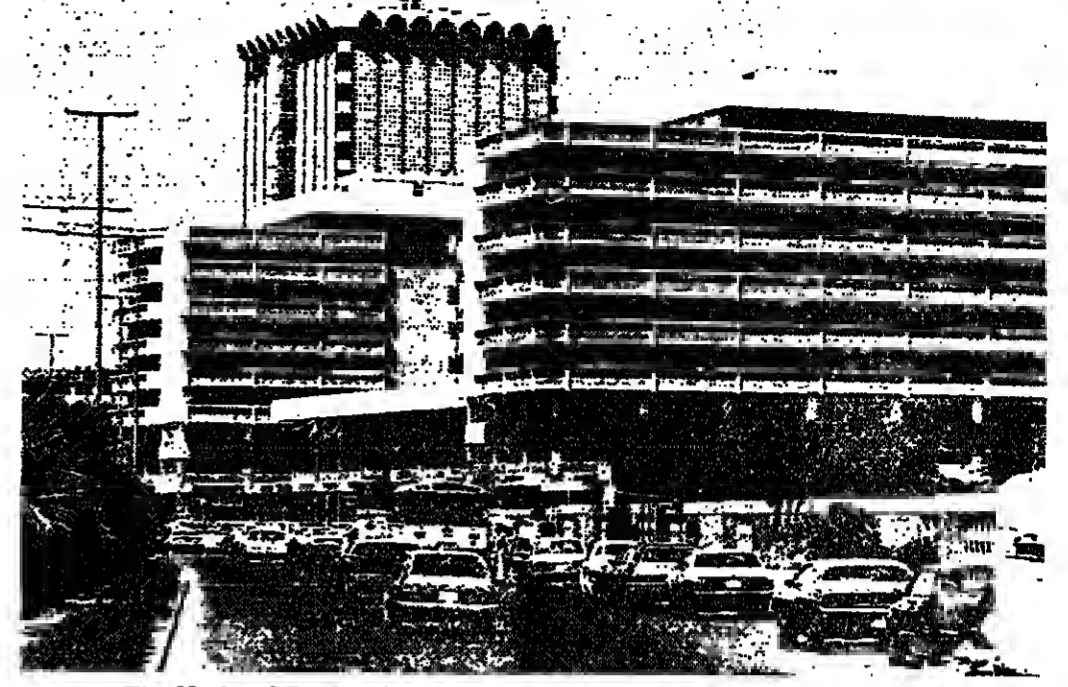
Al-Ahli is the servicing office representing the consortium of national companies of the four shareholding states in Gulf Air; it also leads on behalf of the Bahrain national companies in the two local industrial contracts.

Bahrain Kuwait Insurance Company opened with a capital of BD 1m at about the same time as Al-Ahli. It has a 40 per cent Kuwaiti shareholding, which the company hopes to increase to 50 per cent in order to open a branch in Kuwait.

However, it is believed that Warba, the only Kuwaiti insurance company not already participating in BKIC, has declined the invitation to buy in.

While this Bahrain based company bankers after the Kuwaiti market, there is a growing movement in the other direction. The Pearl Investment Company and the Arabian Development Company are the first two Kuwaiti institutions to obtain registration under Bahrain's Exempt Company Law, which makes no stipulation about local participation. However, both of them have offered shares for public subscription on a Gulf-wide basis.

A number of Kuwaiti companies have applied to go offshore from Bahrain. They include a major promoter of industrial and agricultural projects, several firms in the financial sector and a joint venture. Kuwaiti-Bahraini insurance venture.



The National Bank of Bahrain (left), and the Manama Centre Building

BAHRAIN COMMERCIAL BANKS PERFORMANCE IN 1978

Assets BD million	Bank	Profit BD million 1978	Profit BD million 1977	% Return on average assets
231.575	National Bank of Bahrain	2.924	2.892	1.40
222.082	Bank of Bahrain and Kuwait*	1.568	1.790	0.90
90.586	Chartered Bank	1.648	1.186	1.91
62.177	British Bank of the Middle East	0.707	0.954	1.00
51.173	Citibank	0.549	0.097	0.97
32.130	Bank Mellat Iran	0.166	0.915	0.43
21.005	United Bank Limited	0.470	0.430	2.24
15.368	Bank Saderat Iran	0.478	0.277	3.02
14.841	Arab Bank Limited	0.185	0.173	1.42
13.175	Grindlays Bank	0.236	0.103	2.05
10.351	Bank de Paris et des Pays-Bas	0.295	0.685	1.24
10.140	Habib Bank Limited	0.235	0.192	2.45
7.393	National Bank of Abu Dhabi	0.151	0.088	2.39
6.861	Algemene Bank Nederland	0.121	0.077	1.59
6.123	Continental Bank	(0.106)	(0.137)	(2.06)
5.759	Chase Manhattan Bank	0.389	0.003	6.00
5.366	Rahidain Bank	0.119	0.152	2.08
4.002	Banque dp Caire	0.140	0.127	3.50

* Including items classified under Offshore Banking Unit.
† Net profits for locally incorporated banks are shown after provision for bad debts, while those of branches of foreign banks are shown before this provision. Assets do not include contra accounts.
BD 0.384 = U.S.\$1.

Bahrain Encompassing the Economy of the Gulf

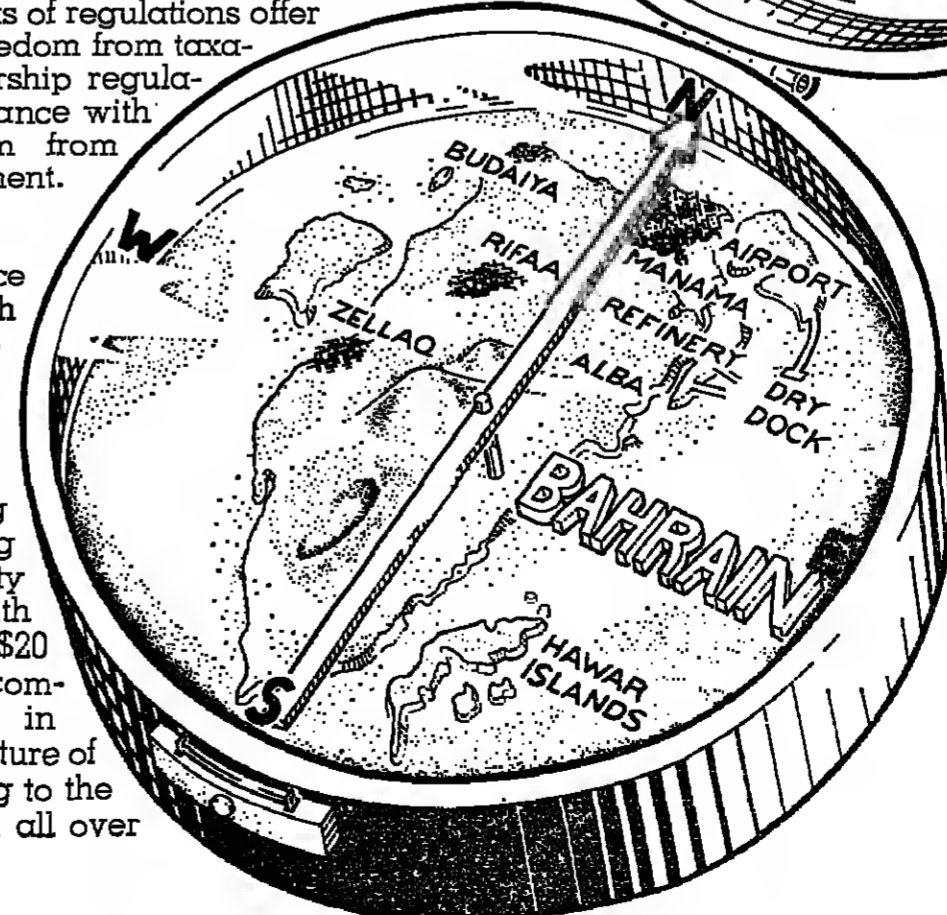
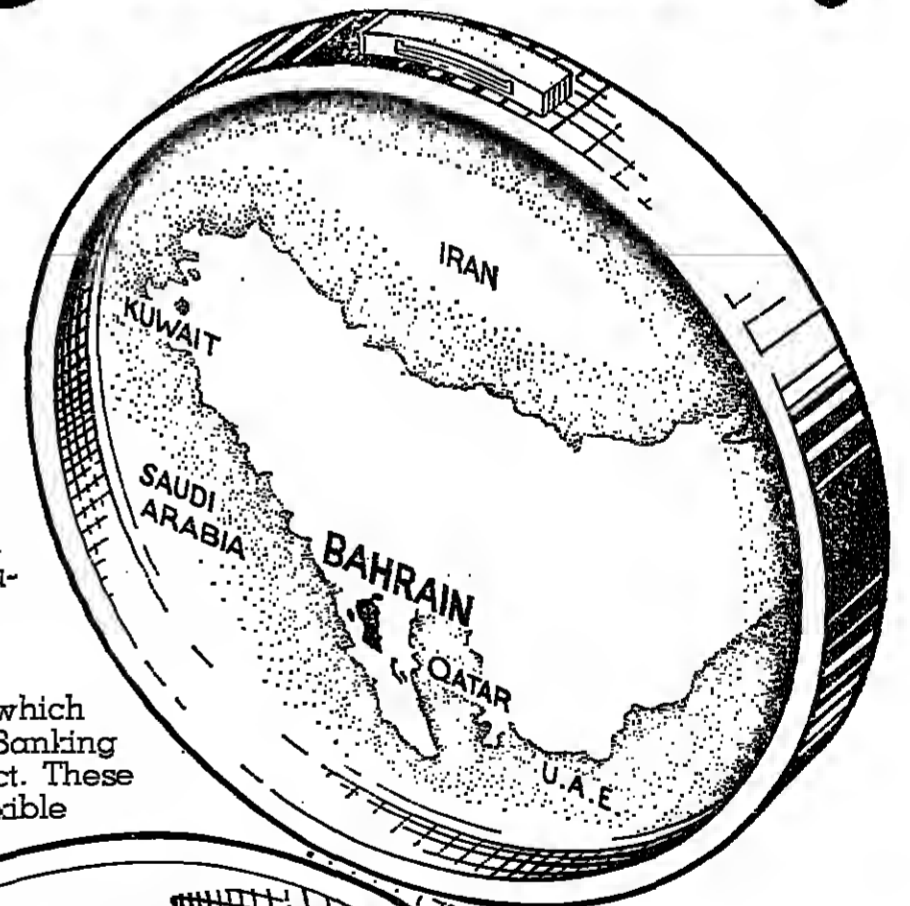
Bahrain's commercial and financial activities encompass the Gulf. Since the Dilmun civilisation of 3,000 B.C. the island nation has been a major trading base. Today, Bahrain continues the role.

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Now Bahrain offers two additional pieces of legislation which will encourage further companies. Investment Banking Licences and the Exempt, or Offshore, Companies Act. These moves demonstrate Bahrain's progressive and flexible attitude to commerce — both sets of regulations offer substantial advantages with freedom from taxation, freedom from local ownership regulations, and in some cases assistance with subsidised land and freedom from import duty on capital equipment.

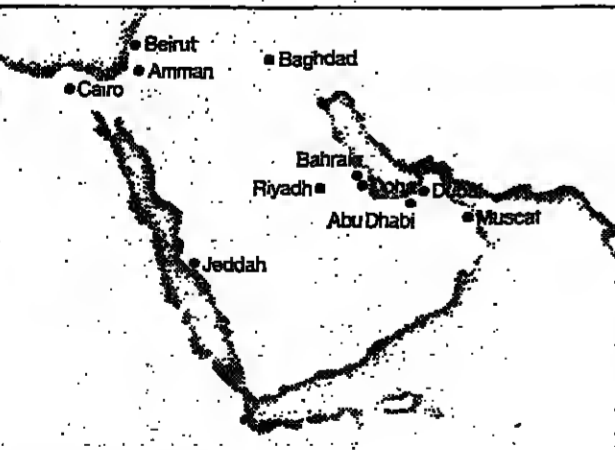
Bahrain's Ministry of Commerce and Agriculture handles each licence application on an individual — rapid — basis.

Companies establishing offices in Bahrain will join a thriving community. An Offshore Banking Industry including over forty major international banks, with local assets in excess of U.S. \$20 billion, four hundred and fifty commercial companies engaged in activities diverse as the manufacture of mattresses or aluminium cabling to the repair of massive turbines from all over the Gulf.



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Oldest

Over the past two years new departments have been set up and developed, and an in-house training programme has helped to attract and retain qualified Bahrainis. The re-organisation is now complete, and NBB says it looks forward to an aggressive marketing year with a loan growth target of 12 per cent.

BBK has grown to second place in the space of seven years, and is now introducing more American systems and embarking on a programme of computerisation. It plans to open three new branches in Bahrain this year, and the establishment of the Kuwait branch last spring may soon put BBK ahead of its nearest competitor in terms of size.

The third locally-owned retail bank, Al-Ahli Commercial Bank, has made a promising start and with 22,000 shareholders is assured of widespread support. It was launched with a capital of BD 2m (\$5.2m) and has since called in an equal amount. Balance sheet funding after four months of operation was BD 18m (\$47m), with a target of BD 30m by the end of the year. The loan target is BD 20m, with a strong portfolio in trade but only selective involvement in real estate.

Despite its small size and lack of track record, Al-Ahli has been able to gain acceptance in the international market because of its technical assistance contract with Bank of America.

The Bahrain Islamic Bank is expected to open in the second half of the year. Its authorised capital is BD 20m (\$52m), with one quarter already paid up. Bahrain's Ministry of Justice and Islamic Affairs, the General Fund for Social Insurance and a group of 125 Bahraini merchants each hold 10 per cent of the equity. At least another 30 per cent is held by various government, religious and financial interests in Kuwait, and 5 per cent by the Dubai Islamic Bank.

Although usury is against Islam, profiting from investment is not. Success depends on the business acumen of the investment committee, since the bank shares the risk of any project it helps to finance.

The Housing Bank, also due



For further details of these new "Offshore" licences, and more information about joint ventures or sponsorship for business in Bahrain, write to the Ministry of Information, Box 252, Bahrain.



BAHRAIN IV

A highly successful operation

BAHRAIN'S 50th Offshore Banking Unit—Bank Bumiputra of Malaysia—was opened for business in April. There is no doubt that Bahrain's offshore banking experience has been highly successful so far, and given the maintenance of the principles and rules which governed its establishment and which have controlled its operation, there is no reason why this record of achievement should not continue.

OFFSHORE BANKING JOHN TOWNSEND

But the euphoria and confidence that success has brought might mask these principles and rules. The most important principle in the original OBU conception was that only banks with established international reputations would be licensed to operate offshore in Bahrain. So far this rule has not been broken; the instant banks of the Lower Gulf, set up in the boom conditions of 1975 and 1976—sometimes without adequate resources and professional management, and without reputations—have no place in Bahrain.

This continuing insistence on quality is the best control that the Bahrain Monetary Agency (BMA) can exercise on the offshore banking operations in Bahrain. Banking, like most business, is a matter of confidence. Banks with established international reputations cannot afford to take on business which might give rise to a risk that they would be unable to meet their obligations.

conducts about a quarter of its business (the Saudi riyal, the Kuwaiti dinar, the Qatari riyal, the UAE dirham and the Bahraini dinar) are themselves not firmly established as international currencies.

In fact, the business in regional currencies probably gives most Bahrain OBU managers rather more worry than their dealings in dollars or other established international currencies.

It is unthinkable that the Eurodollar market, for example, could ever run out of dollars.

but quite conceivable for the Bahrain offshore market to run out of dirhams, or Saudi riyals. So far, this has not happened, but it is an ever-present concern to Bahrain OBU managers, as is their consequent concern about matching all their short-term regional currency liabilities with appropriate regional assets.



The foreign exchange dealing room at K. P. Martin in Manama, one of the largest dealers in the Gulf

OFFSHORE BANKING UNITS

Table with columns for Liabilities (U.S.\$m) and Assets (U.S.\$m) for various banks and currencies from 1975 to 1978. Includes sub-totals for regional currencies and U.S. Dollars.

Bank on Grindlays in Bahrain advertisement. Large headline 'Bank on Grindlays in Bahrain'. Text describing services: 'Grindlays is well established in Bahrain where we provide a wide range of banking services. Our Treasury Unit provides foreign exchange and money market services in international and Gulf currencies. Our Offshore Banking Unit (OBU) specialises in providing customers with eurocurrency and export finance facilities while our Government Road Branch provides a full range of commercial banking services. We also have one of the largest branch networks of any international bank in the Middle East with over 30 branches not only serving Bahrain but also Jordan, Oman, Qatar and all seven states of the United Arab Emirates. It all adds up to Grindlays offering the vital in-depth local knowledge you need. So whatever your banking requirements are, you can bank on Grindlays in Bahrain.'

Many OBU managers in Bahrain worry also about Saudi Arabian purities and the effect that any sudden change of direction in the Kingdom might have on the availability of Saudi riyals. Business in Saudi riyals represents by far the most important part of the offshore business in regional currencies and about 20 per cent of total business.

Expenses The BMA says that the average OBU has a balance sheet of \$450m, that its annual expenses are currently of the order of \$1m, and that it makes a higher profit of about \$1m. Some bankers say that their

expenses are higher and their profits not quite as much. For oil that, it is difficult to find in Bahrain an established OBU manager who is really worried about his bank's position in the market.

financial surpluses, and with a high volume of government expenditure pumping regional currencies into international circulation. Now the Arabian peninsula and the Gulf are moving out of this surplus, and with most major infrastructure projects either complete, or in hand, government spending in the area is tending to decrease.

Planning the future as reserves dwindle

BAHRAIN IS one of the oldest oil producers in the Gulf—the first exports began in 1934—but it has only limited reserves. With production falling steadily each year and only limited potential for new discoveries, the State is having to look with increasing urgency at the possibility of improving the rate of recovery of crude oil from its existing onshore fields.

Recent oil industry estimates have suggested that there is as much extra oil to be gained from existing fields around the world through techniques of enhanced recovery as is to be found from new discoveries.

enhanced recovery techniques that could be used to eke out the country's supplies. The study is being carried out by Standard Oil of California (Chevron), the U.S. oil company, and should be completed by early 1980. The investigation, begun in the middle of last year, is likely to cost about \$2m.

mechanical completion is expected by October. Production should begin next year at a level of 280,000 tonnes a year, but inevitably this will decline, along with crude oil production, at about 61 per cent a year. The Bahrain National Oil Company is convinced the effort is worth it, however, and maintains that the scheme will have paid for itself in four to five years.

OIL KEVIN DONE

Emphasise

Oil production this year has shown another fall, however, and in the first three months averaged only 50,000 barrels a day (the equivalent of a small North Sea field). Output in the first quarter was 8 per cent down on the same period last year.

Schedule

Feesibility work on the natural gas liquids plants, which will produce 75,000 tonnes a year of propane, 80,000 tonnes a year of butane and 125,000 tonnes a year of condensate, started only in mid-1977. But construction is ahead of schedule and

Handwritten signature or mark at the bottom of the page.

BAHRAIN V

Risk of regional over-capacity

Sheikh Khalifa bin Salman Mohamed Al-Khalifa, chairman of the Board of directors of the Arab Shipbuilding and Repair Yard Co. (ASRY) in Bahrain, says that his company is open to suggestions from other owners of dry docks in the Gulf for some form of operation. Although he did mention Dubai's Sheikh Rashid bin Maktoum Al-Maktoum, he did not mention Sheikh Khalifa bin Zayed Al-Nahyan, who has the massive three-dock complex in Dubai in mind.

optimism

As far as the Bahrain dockyard is concerned, Sheikh Khalifa and the dockyard's management are showing a cautious optimism on the yard's movements to date and on its immediate future. Inaugurated 18 months ago, on Bahrain's National Day, December 16, 1977, the ASRY yard is making good progress. When foreign realists ask "But is it making profit?" the ASRY management points out with considerable reason that no such project is expected to make a profit within the first 18 months of its operation. Sheikh Khalifa points out that the original PEC feasibility report, which came to the ASRY yard with OAPEC funds in 1973—envisaged a profit of the order of 3 per cent per year when the dockyard was full operation. This calculation was made on the basis of the original objectives of the PEC drydock project went beyond a concern with a commercial return on the capital invested as a top

THE DRY DOCK JOHN TOWNSEND

priority. Rather, priority was given to objectives permitting all revenues to be invested in a project which would stimulate wider economic and social development in the region, which would foster regional economic co-operation and which would provide facilities for the training of Arab mariners. The OAPEC backers of ASRY were concerned with a return on their investment, but the pure commercial return, although by no means unimportant, was only one of a number of objectives.

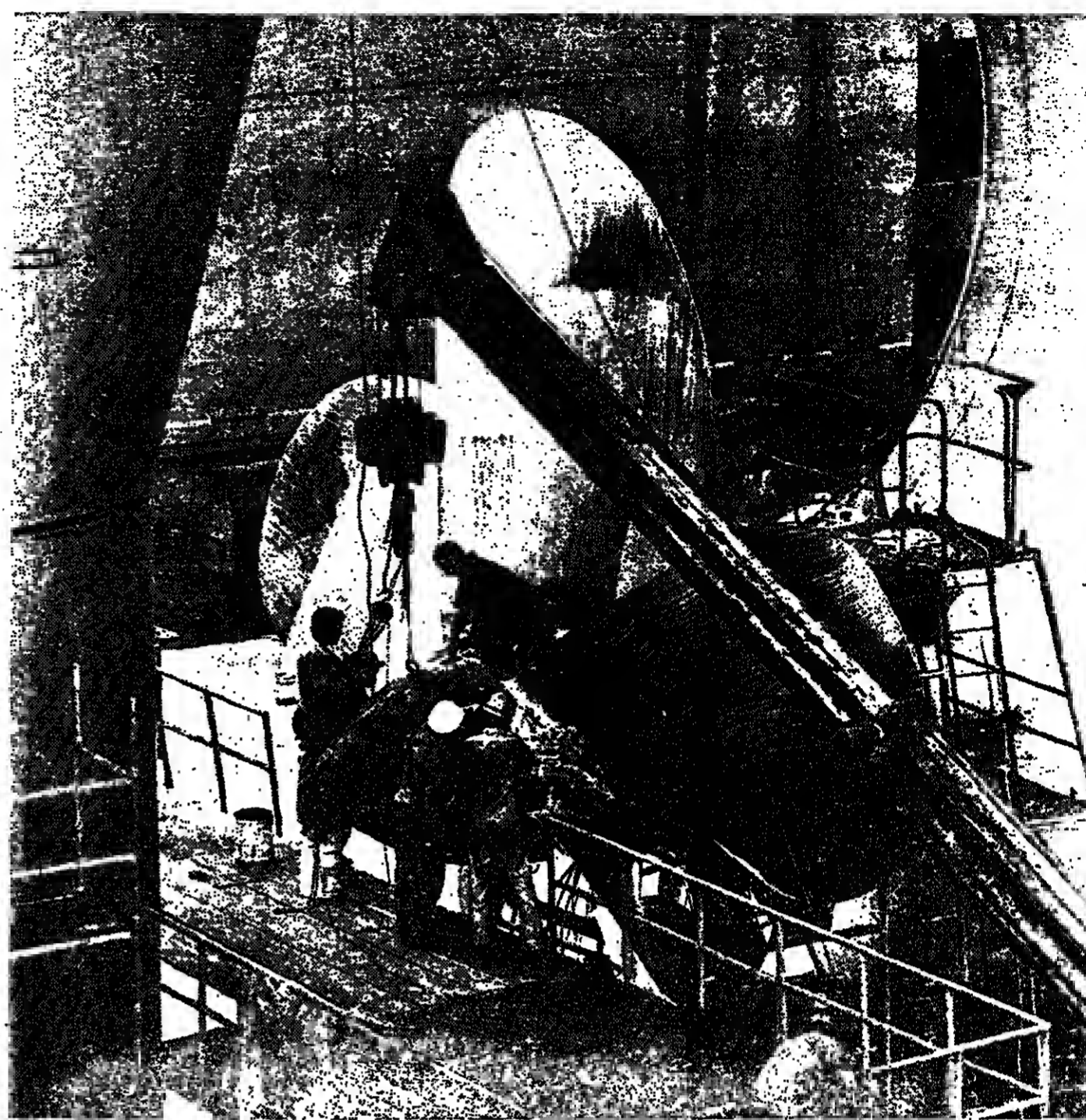
Bahrain was chosen as the site for the OAPEC dry dock after extensive studies by the OAPEC experts had demonstrated that the State's geographic location vis-a-vis tanker routes, coupled with its comparatively large population, the level of educational attainment and technical skills of the population, and the communications and services available in the island, gave it a clear lead over other contenders. The decision of OAPEC was not accepted by Sheikh Rashid of Dubai, in spite of the fact that the United Arab Emirates was a major shareholder in the project. Accordingly, Dubai's Ruler went ahead with his own dry dock complex, which has three docks to Bahrain's one.

The Bahrain drydock can handle VLCCs of up to 450,000 dwt in a 375 x 75 metre basin, and is equipped to carry out a full range of tanker repairs, from a simple hull scraping to major refits and marine insurance inspections. Its specialised workshops include plate, pipe and mechanical shops, as well as trade shops with a full range of ship's stores. The yard carries out alongside repairs as well as work in the drydock itself, and has a tanker cleaning facility. The experience and expertise

unemployment problem. The foreigners employed in the yard spend their earnings to no small extent in Bahrain on food, rent and services.

The joint ventures formed by ASRY—ASRYWELD with a Swiss company, ASRYPROPELX with a Dutch company and Modern Clean with a South Korean company for, respectively, welding, propeller repairs and hull cleaning—mean some spin-off business to Bahrain. It is also not inconceivable to envisage the two small private sector ship repair companies, the Bahrain Shipway Co and the Bahrain Ship Repair Co, benefiting from the presence of the ASRY dock. These companies were set up originally to repair dhows and modern small craft of up to 1,000 tons.

With its birth pains now behind it, and blessed by a location astride major tanker routes, the ASRY dockyard could carve out for itself a significant place in the international ship repair market. The opening of the Dubai drydock complex worries the ASRY directors for very obvious reasons—hence their interest in finding some form of association with the Dubai yard at this stage. ASRY believes that co-operation can lead to mutual profit (if not necessarily a commercial profit) as the Gulf becomes a major international ship repair centre, whereas competition between the two yards can only profit yards elsewhere in the world and at the same time do possible irreparable harm to concepts of regional economic co-operation in the Gulf.



Work in progress on the 400,000 dwt Sea Song for Stockholm at the Arab Shipbuilding and Repair Yard

ASRY OWNERSHIP

Table with 2 columns: Country and Ownership Percentage. Saudi Arabia 18.84%, Kuwait 18.84%, United Arab Emirates 18.84%, Iraq 4.70%, Qatar 18.84%, Bahrain 18.84%, Libyan Jamahiriya 1.10%

ANALYSIS OF REPAIR WORK IN 1978

Table with 2 columns: Repair Category and Quantity. Mechanical work: 16, Replacement of shaft seals: 18, Crankshaft overhaul: 12, Turbo blower overhaul: 26, Main bearing overhaul (bottom): 8, Overhaul of bottom valves: 959, Piston withdrawal: 38, Pipework: 5,799 metres (50-100 mm diameter), 2,981 metres (100 mm diameter and above), Electrical work: 111 (Motors rewound up to 10 hp), 20 (10-30 hp), 22 (30 hp and above), Transformers rewound: 26, Coils rewound: 103, Boiler and steel work: 33 (Boilers repaired), 1,493 tonnes (Steelwork produced/installed), External hull cleaning and coating: 4,193,349 sq metres (High pressure washing, scraping, blasting and painting)

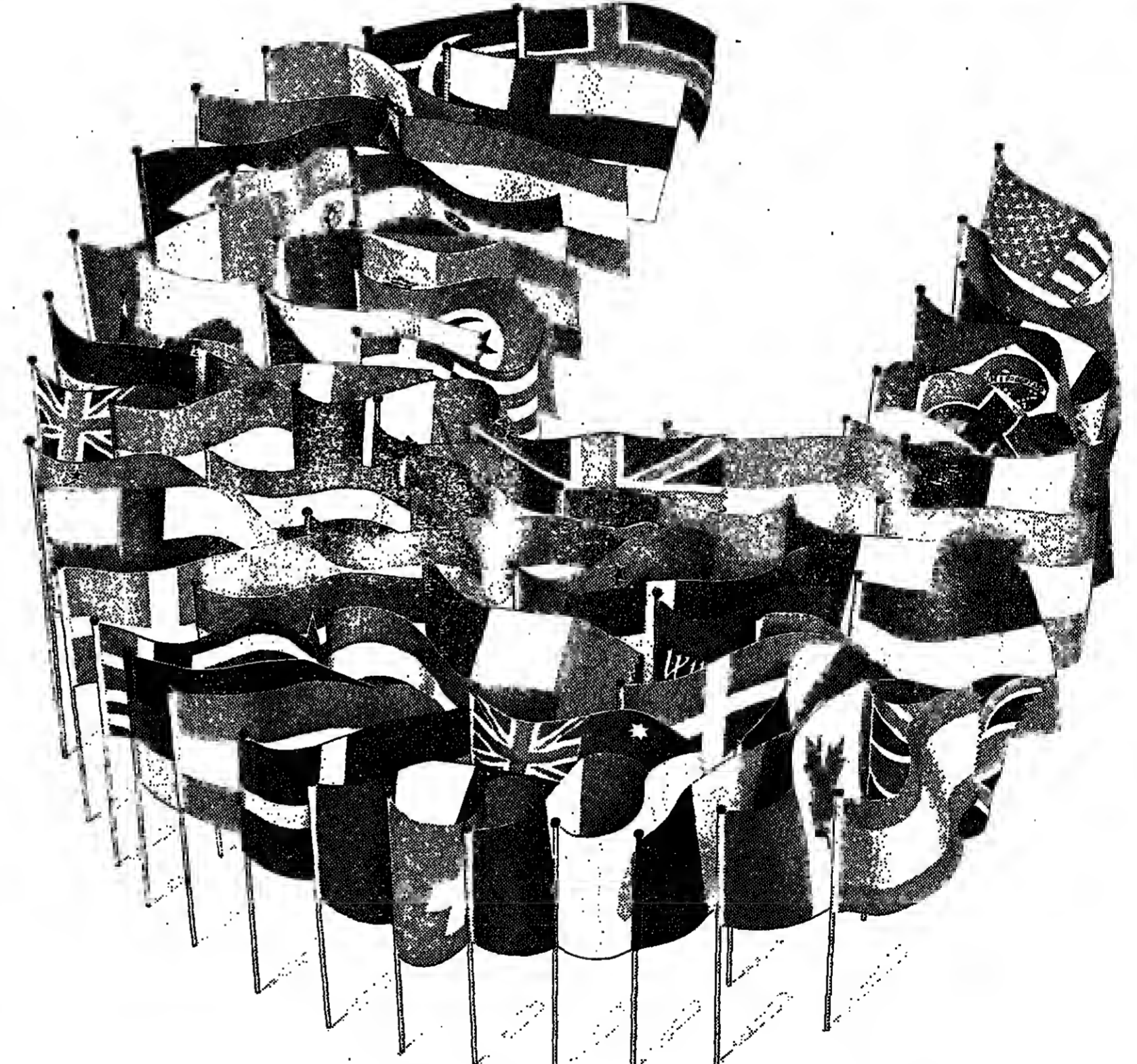
Source: ASRY.

Altogether, in the first three months of 1979, a total of 2.9m dwt of shipping was repaired in the drydock and a further 1.5m dwt were repaired alongside. Drydock occupancy was 90 per cent over these three months, and the value of repairs per dwt rose as shipowners became more confident in the yard's ability and as the yard's management and technical teams developed their skills. At present the drydock basin is booked up for two months ahead. The management takes pains to stress, however, that it is not for big ships alone. In March of this year, three smaller vessels were repaired in the dock simultaneously.

The ASRY management cannot compete as regards price with yards in the Far East. Labour rates and the cost of services generally prohibit this, but the management claims that its charges are comparable with those in southern Europe and that they are cheaper than yards in Northern Europe. The ASRY management claims that it has cut prices in Bahrain to secure business.

ASRY has tried to give priority to Arab workers, and especially to Bahrainis. Initially this has not always been easy, as there is a severe shortage of experienced technicians in the Gulf. Also, in the early days of the yard's operation, many workers recruited locally found the inside of a VLCC a somewhat frightening place. Currently, 42 per cent of the total labour force of about 1,100 people is Arab, with a further 20 per cent European, 18 per cent Indian and 20 per cent Filipino. The Filipino workers tend to fill the middle grade technical posts. Bahrainis in management include Mr. Redha Faraj as Finance Manager and Mr. Abdul Karim Mohsin as Personnel Manager. ASRY is proud of its training school, and young Bahrainis are getting a first class technical training in the yard. So good in fact, that their ASRY training makes them much in demand on the labour market in the Gulf. Sheikh Khalifa, as chairman of the board of directors, is fairly relaxed about young Bahrainis leaving ASRY as soon as they have been trained, provided that they take jobs in the Gulf which offer them good futures. After all, he points out, the training of Arab manpower in a regional context was one of the original objectives of the ASRY project. But Sheikh Khalifa is far from bappy about those young Bahraini ASRY trainees who are lured away by foreign contractors on short-term contracts with the promises of immediate high financial rewards, and who afterwards find themselves without jobs when the contract is finished.

The original objectives of the ASRY project included the "promotion of the social and economic development of Bahrain through the broadening of its economic base and the diversification of its sources of national income." It is clearly much too soon to be able to detect a significant continuing spin-off to the Bahraini economy from the ASRY yard. There is an immediate gain in that it provides employment, but against that Bahrain has no



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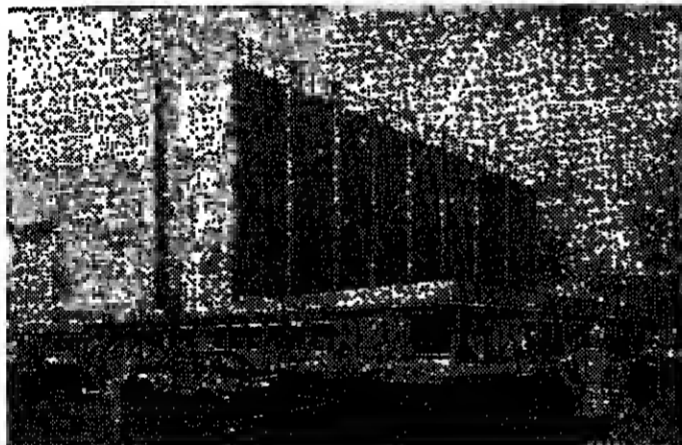
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BAHRAIN VI

Profits fuel plans for expansion

ALUMINIUM BAHRAIN has over the past nine months made a great deal of money for its shareholders.

Taking into account seven years of high costs and losses until recently the amount seems unexciting. But with Alba's newfound ability to control costs, and a buoyant world market, a consistent profit on the transfer price of the metal seems assured for some time.

Two important decisions have followed Alba's success. One concerns the 20 per cent equity participation of Saudi Arabia, which becomes effective on July 1; the other, a \$120m expansion to the plant. Both projects have been talked about for a long time, but Government and industry sources deny that the two are linked.

The present shareholders in Alba are the Bahrain Government with 77.9 per cent, Kaiser Aluminium Bahrain 17 per cent, and Breton Investments 5.1 per cent. After parting with a quarter of its holding to Saudi Arabia, represented by SABIC (Saudi Arabian Basic Industries Corporation), the government still retains overall control.

No value has publicly been put on the shares, but the selling price is more likely to be based on a portion of the initial equity investment, plus an element of compensation for past losses, than on an evaluation of the smelter's present worth. If this proves to be the case, the Saudis are getting a highly profitable investment, because any new smelter will be built at three or four times the cost of Alba.

However, the most important aspect of the deal is its promise of co-ordination and a sharing of experience in future industrial development, after the signal lack of such co-operation with Dubai, which is also building a smelter.

Co-operate

Bahrain and Saudi Arabia first put their heads together on aluminium in 1976, to co-operate in purchasing raw material, smelting in Bahrain and facing world market forces.

But Alba was not making money then, and the participation plan was put on ice, partly perhaps the Saudis were wary of buying into a loss-maker, partly, in the words of the Minister for Development and Industry Mr. Yousuf Shirawi, because "we in Bahrain did not want to turn this policy of co-operation into a salvage operation."

Now the situation is very different. Spot prices for aluminium ingot have soared 50 per cent since last June. And in Alba itself, a determined



The cast house at Aluminium Bahrain (Alba). The company currently produces 120,000 tonnes of aluminium a year.

ALUMINIUM

MARY FRINGS

cost-cutting campaign has resulted in significant savings in consumables and manpower.

The logical next step is that SABIC, having learned from Alba, should go ahead with its own 250,000 tonne smelter at Jubail—and that Bahrain should have a stake in it. Mr. Shirawi comments: "With the wisdom gathered over the past 10 years, it will be possible to save millions and millions of dollars in design, construction and training."

It is ironic that while Saudi Arabia burns off enough gas to smelt 6m tonnes of metal a year, the only two smelters to be built in the Gulf are in Bahrain, using unassociated gas which could have been left in the ground, and in Dubai, where there is little gas at all.

Saudi Arabia's 20 per cent shareholding in Alba may be matched by a 26 per cent holding in Bahrain Aluminium (Balco), the marketing organisation formed last year to sell Bahrain's 95,000 tonne share of annual production. No-one is prophesying whether the new partner will take its share of metal to feed its own downstream industries, or leave it to be sold on the open market.

The plant expansion project, which will boost Alba's rated 120,000 tpy (tonnes per year) production capacity to over 155,000 tpy, will be financed on a 3:1 loan/equity basis, with the shareholders contributing about \$30m.

It has been suggested that the remaining \$90m should be rounded up to \$100m, and major onshore and offshore banks in Bahrain have been asked for their proposals and Gulf International Bank and NatWest have been appointed lead managers. Many of them already invest in Alba's short-term promissory notes, which provide the smelter with working capital more cheaply than previous revolving credit arrangements in London.

Alba could also seek export credit from any country willing to make a competitive offer, thereby reducing the amount it needs to raise on the open market. A British company supplied the original power station turbines, and it is decided to keep the equipment the same then Britain's Export Credit Guarantee Department (ECGD) might become involved.

The main regret at Alba is that the incremental capacity, bringing with it a reduction in overall metal costs of \$70 a tonne, is not available now.

According to the provisional schedule, the first new line of 75 pots should be ready for start-up in March, 1981, and the second by October of the same year.

The first major contracts are expected to go out in two or three months time, and as much work as possible will be placed with local companies.

In the marketing field, the most important dealings are with South East Asia and the Far East. Japan has fallen back in recent months, but is expected to become the major customer again, with the recovery of the yen. In terms of volume, the regional market had a poor year in 1978, but improved in the first quarter of 1979.

Stockpiling

The policy of stockpiling against favourable market conditions has paid dividends. Balco shipped 119,000 tonnes of metal in 1978, drawing 24,000 tonnes from stock, and by the end of March this year had sold another 47,000 tonnes. The stockpile is now down to a working level of 15,000 tonnes, from a 1978 peak of 52,000.

Less than a quarter of the Government offtake is committed on forward contract, and because there is no need to be as cash-flow conscious as the aluminium majors, Balco can afford to take a harder attitude on price. But local consumers dependent on the smelter feel that to some extent they are getting a raw deal.

The market value of saleable aluminium production in 1978 has been put at nearly \$135m. Deducting the cost of imported raw materials only a fairly rough and ready way of accounting—value added is around \$80m. Foreign exchange earnings for the period would be a little lower, to exclude 5 per cent of production sold locally, and servicing payments on foreign loan capital.

If prices maintain their current levels, value added for 1979 is projected at U.S.\$130m. Local sales are then expected to have climbed to 10 per cent of saleable production.

In addition to its increasingly valuable contribution to the economy in terms of foreign exchange, Alba employ 1,500 Bahrainis, just under 4 per cent of the working population. The continuing cutback in jobs—800 last year with another 150 due to go in 1979—arouses criticism whenever it affects local employees. Labour authorities in Bahrain find it hard to accept that a highly competitive industry cannot afford to carry dead wood.

Alba maintains that the turnover in Bahraini labour has always been high, although there are recent signs of stabilisation. Very few nationals have had to be made redundant, and of a total workforce of 2,150, only 130 are expensive western expatriates. The shortage of Bahrainis of the right calibre has led to the recruitment of 650 skilled workers from the East—but the company invested \$8.25m in its local training programme last year, and will put in more than \$2.5m in 1979.

Compared with Alba, Bahrain's three main aluminium processing companies provide little local employment. There are dedicated primary metal men in the industry who would like to see all further proposals for downstream projects abandoned, arguing that their economic impact is small and the problems of competing with industrialised exporters, in a field where cheap energy is not the over-riding factor, are immense, while in some cases they also face competition from local plants.

Nevertheless, the Doha-based Gulf Organisation for Industrial

CONTINUED ON NEXT PAGE

Valuable link with New Zealand

JOINT VENTURE

JOHN TOWNSEND

IT STARTED when Bahrain's Minister of Industry and Commerce, Mr. Yousuf Shirawi, visited New Zealand in 1976.

His New Zealand hosts wanted some form of joint venture project which would encourage the sale of New Zealand products in the Gulf. A handling and storage facility in Bahrain's free zone seemed to be a good idea.

This good idea was looked at in more detail when New Zealand's Prime Minister Muldoon visited Bahrain in April, 1977.

Formal negotiations and Government level continued when Bahrain's Prime Minister visited New Zealand.

The eventual agreement between the two Governments called for a \$10m project involving the construction of a cold store and dry goods warehouse in Bahrain's Minna Sultan.

Both Governments decided that, once the broad outline of the project had been agreed at official level, it should be handed over to the private sector.

Accordingly, last year the BANZ Trading and Storage Company was established, with 51 per cent of the capital coming from Bahrain and 49 per cent from New Zealand. The company's original capital was fixed at B.D. 1.6 million.

Three Bahraini companies, the Bahrain Investment Company, the General Trade, Food and Processing Company (Trafco), which specialises in food imports, and the National Import and Export Company, Bahrain's biggest importer of cement, rice and sugar, have each taken 17 per cent of the equity of the joint venture.

So far, the New Zealand 49 per cent of the equity is in the hands of the government-owned Export/Import Corporation, though it is intended that ultimately the New Zealand private

sector will buy shares in the company.

The BANZ Trading and Storage Company has two major business objectives: trading and the warehousing of foodstuffs and other consumer goods.

Each profit centre is to be separately managed. A general manager for the trading operation has been appointed, and the company looks forward to building up a thriving business throughout the Gulf and the Arabian peninsula.

For the warehousing side, negotiations have now been completed with a specialist British group with extensive international interests; this group will provide the management of the company's storage facilities.

Lease

The company has a 25-year lease on 25 acres of land in the free zone of Bahrain's Minna Sultan. So far, one third of this area is being used as the site of the first warehousing, cold storage and container park installation.

The contract for the construction of this installation was let in October, 1978 and completion is expected in September of this year. The company plans to begin operations in October.

Also being constructed is a cold store, a dry goods warehouse and a container park. The cold store has three sections: two rooms with a total area of 675 square metres and a temperature range of -26 degrees C to 2 degrees C, a further three rooms totalling 1,012 square metres with a temperature range of -15 to 2 degrees C, and five rooms making up

1,350 square metres with a temperature range of -1 to 16 degrees C.

The cold store has also 1,125 square metres of airconditioned storage. The dry goods warehouse has 3,400 square metres of storage space extending seven metres upwards with provision for four racks of palletised containers.

The outdoor container park has space for 70 dry containers and 73 reef containers.

Although the original purpose of the joint venture was to promote and facilitate the import of goods from New Zealand to the Gulf, the objective of the company as now established is to operate as a profitable international trading venture.

Naturally, New Zealand imports will be an important element in its operation, but in no sense is the company to be tied exclusively to New Zealand goods.

In the words of BANZ Trading and Storage Company's chairman, Bahraini businessman Mr. Eshagh Eshagh, the company will be operated to make a profit, irrespective of the origin of the goods it is handling. Mr. Eshagh says the company would be offering both to foreign exporters to the Gulf and to the Arabian peninsula and to local importers a modern, well-managed warehousing, handling and distribution service in addition to its own trading activities.

Its location in Bahrain's free zone should mean that bulk shipments can be rapidly broken up and distributed to Gulf markets at minimum cost. The project is a notable addition to the Bahrain service economy.

ملتا اسدى لاص

BAHRAIN VII

Project begins to move

THE past four years, the of a 25km causeway link Bahrain to the eastern coast of Arabia has been about as high as the channel is to Britain and France. Most Bahrainis the causeway is a pink dotted line on the map, marking the route and thrusting out from north-west coast of and now something is moving at will be one of the construction projects in the East, already valued by one would-be...

THE CAUSEWAY MARK MEREDITH

from the road link. Then, too, Bahrainis with a training (but not enough money to commute by air), might be tempted by the prospect of a short trip by road to a better-paying job in Saudi Arabia. The historical bonds between the two countries and especially between the ruling families on both sides, the House of Saud and the Al-Khalifa family of Bahrain, are extensive and complex. Saudi assistance to its less-well-off island neighbour is immense in its scope, as well as its generosity.

Extensive

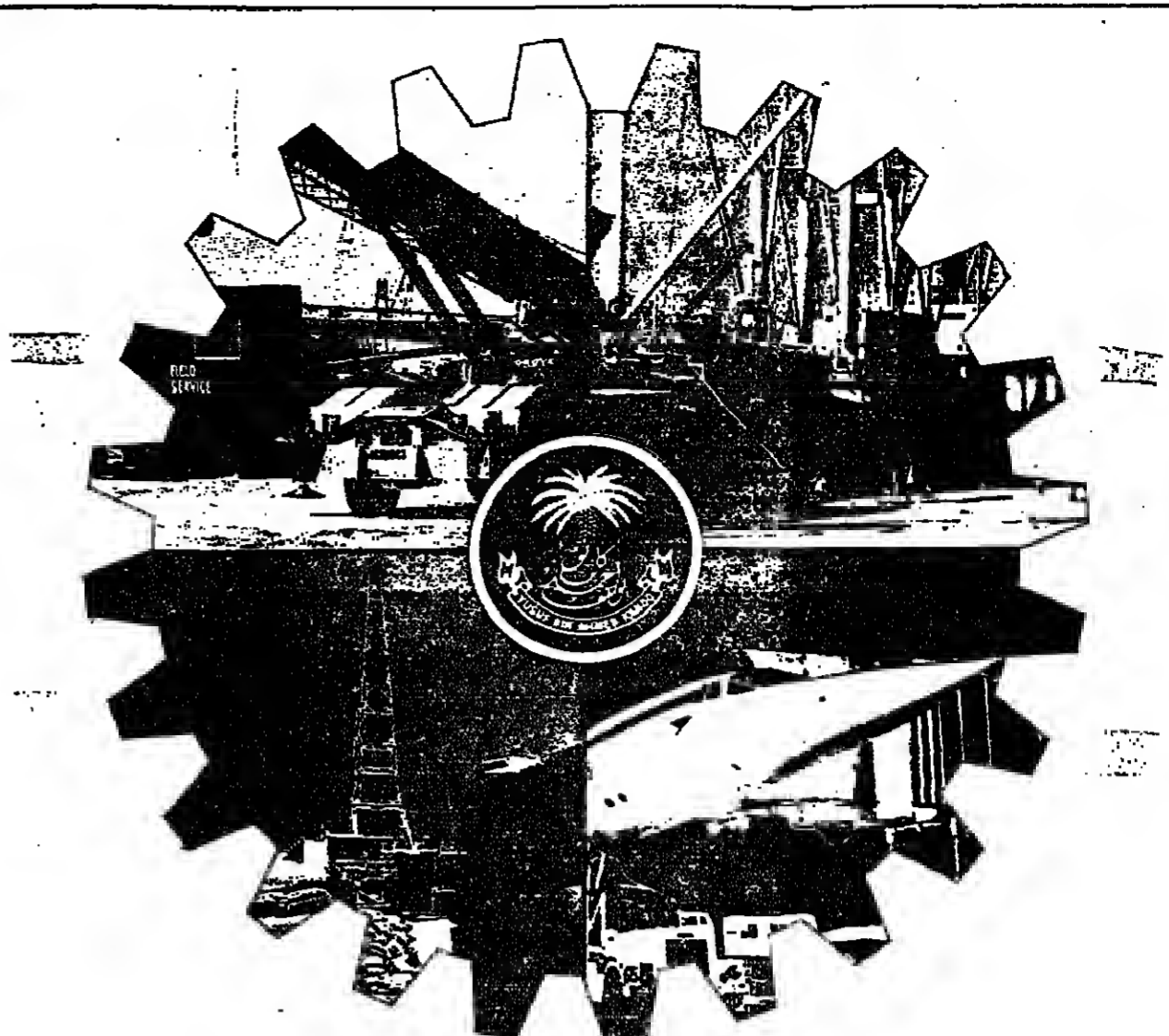
The links that already exist across the Gulf of Bahrain are extensive: 25 flights a day to Dhahran and numerous trips by motorised Dhow. A four-lane road link, although bringing the two countries closer together, is unlikely to change the more pragmatic Bahraini life style. Indeed, it is the less austere, more tolerant atmosphere of Bahrain that is likely to be the main attraction to Saudis living on the eastern coast. Once complete, thousands of Saudis are expected to pour across the causeway, especially at the Arab weekend on Friday to savour the much brighter lights of Bahrain entertainment. Then, too, Bahrainis with a training (but not enough money to commute by air), might be tempted by the prospect of a short trip by road to a better-paying job in Saudi Arabia. The discreet acceptance of alcohol and the growth of leisure industries (there are already five discotheques in

town), make some Bahrainis worried that Manama, the capital, could become a kind of 'Soho of the Gulf'. But whatever the commercial pressures, Government officials and leading expatriates on the island believe leisure will be gently but firmly controlled. The engineering specifications for the causeway were drawn up following a study by Saudi-Dagisb consultants. The project description calls for the causeway to be made more of bridges than rockbed embankments: 12 kms of bridge-work and 10 kms of embankment. This is to allow a good flow of water north and south through the Gulf of Bahrain which will prevent the gradual formation of a large bay of brackish water to the south of the causeway.

Route

The Bahraini Government has already prepared the eventual route linking the causeway to Manama and the port of Mina Sulma by buying up the land across the island to head off speculation. Among the applications now under consideration by World Bank experts are those from major British companies, plus a few American and some Japanese and Korean companies. Most of the bidders are Saudi companies who would sponsor an international contractor as a partner. The best-known on the scene so far is that of the Saudi entrepreneur, Adnan Khashoggi, who in 1977 announced a consortium formed under his Triad multinational organisation with the Redpath Dorman Long division of British Steel, hoping to negotiate the contract before it went to tender. The firm estimate of the cost came from Mr. Khashoggi. The estimate from the Bahrain Government and the Saudi Ministry of Transport has been lower, at \$800m.

United Arab Emirates. An additional half million cubic metres of armoured rock will line the embankments to prevent wave damage. The causeway route will leave the populated northern quarter of Bahrain island north of Al Jasra the west coast, veer slightly to avoid an archeological site, and then head west to Umm Nasan Island, about four and a half kilometres away. Umm Nasan will become the site of the Bahraini customs and immigration offices as well as the causeway control centre. The embankment and bridge-work then heads west to the Saudi mainland, coming ashore about six kilometres south of Al-Khobar. The causeway construction will, in turn, breed contracts for feeder roads at both ends. There is already talk of a new town of 5,000 houses at the Bahraini end. Accommodation will also be necessary for the vast workforce likely to be 80 per cent made up of expatriate labour.



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Profits

CONTINUED FROM PREVIOUS PAGE

Consulting has been entrusted with a feasibility study for a rolling mill. It will weigh the comparative advantages of a large-volume hot rolling mill, requiring a smaller per-tonne capital investment, or a more expensive strip-caster able to operate economically at lower capacity. Among the existing "aemis," Bahrain Atomisers International is the least affected by the sharp rise in the cost of its feedstock. This is because, like Alba, it is purely a conversion company. It takes metal from the shareholders, the Bahrain Government and Eckhart-Werke (who have an interest in Alba through Breton Investments) and turns it into aluminium powder for a fee to cover operating costs. The Government is entitled to 51 per cent of the atomiser's capacity, but is currently utilizing only about 15 per cent, even though powder can be sold to EEC countries without incurring the 7 per cent duty imposed on ingot. Eckhart has wanted all the powder it could get, and the plant has been running at its rated 3,000 tpy capacity apart from two interruptions due to accidents during the past four months. Balexco, the \$10m Government-owned extrusions company, is in the less happy position of struggling to make a profit while paying the full commercial rate for its raw materials and services. A world-wide shortage in the market for extruded aluminium section—the first in eight years—has enabled Balexco to push up its product prices against the \$500 a tonne increase in the cost of billet. "But now we need a period of stability," says plant manager, Derek Peden, of the Swiss management company, Alusuisse. He believes Balexco will break even this year, but is unlikely to show a profit until it is operating at full capacity (4,000-5,000 tpy). The plant was 500 tonnes below its 1978 target of 2,500 tonnes, because of the failure of the water supply from the neighbouring Sitra Power Station. It is aiming at 4,000 tonnes for 1979, and has been working three shifts since the beginning of the year. Balexco feeds a number of small fabricators round the Gulf and is now selling through Kuwait into Jordan. A lot of new business is being created by Bahrain. Sprung Instant Structures, which supplied the teated exhibition centre in Bahrain, is buying 400 tonnes of aluminium section this year for major projects in the Middle East, and could soon increase its take-off to 1,000 tpy. Sprung's orders are for mill-

finished product, and are particularly welcome because Balexco can extrude more than it can anodise. The other offshore customer is Arabian Technical, which markets a high-quality window system already popular in Europe. Unlike other extrusion plants in Doha, Saudi Arabia and Kuwait, Balexco has no plans to go into fabrication, preferring to assist fabricators in raising their quality standards. Balexco estimates its foreign exchange earnings at \$3.4m, for 1978, with a projected \$8m for 1979. It will start to repay its \$4.9m loan from the Government this year. Perhaps the most courageous venture is the wholly privately-owned Midal Cables, which went into production in July last year. Midal is a \$4m partnership between Intersteel (51 per cent), a Bahraini company registered under the name of Mr. Hamad Zayani, and Olex Cables Limited of Australia. Midal is taking on major manufacturers of a world commodity, in a fiercely competitive market. It is not getting any commissions. With so much money to be made on the spot metal market, the committed allocation to Midal from the smelter on its doorstep has been restricted to 8,000 tonnes for this year—not enough if the big orders come in, says the Australian general manager, Brian Pearson. But if metal prices tumble, no doubt Midal will be offered as much as it wants. Right now, it must pay the going rate since it has no stockpile to draw on. But world prices for conductor cable have not fully reflected the rise in raw material costs. The company has succeeded in negotiating more realistic shipping rates—it has talked down rates to Jeddah from \$80 to \$85 per tonne. But it pays port handling charges in Bahrain which can add \$13 to each tonne of exported product. Regional customers still tend to think Midal can sell them cheap conductor. The plant has had its teething troubles. While it is no money-spinner, it is not a commercial disaster. It is comfortably employed at present with orders from Saudi Arabia and India, and the potential is there for profitable development. The natural market is Saudi Arabia, where extensive electrification schemes are creating a growing demand for aluminium conductor. The Saudi Government gave Midal its first half-million dollar order, and if the progress of integration means that Saudi Arabia comes to regard the Bahrain plant as part of its own industry, then the prospects are bright.

The Financial Symbol of Arab Oil Co-operation

The Arab Petroleum Investments Corporation, APICORP, is an inter-Arab company established within the framework of OAPEC with the aim of investing Arab money in petroleum projects and in the activities complementary or related to them in the Arab World. APICORP extends loans to projects seeking financing and it may partake in the equity of these projects. It is also empowered to initiate joint projects that supplement existing Arab Petroleum industries with the aim of serving the Arab market as a whole. Countries in which APICORP has participated in loans and/or Equity financing include Algeria, Bahrain, Egypt, Jordan, Libya, Morocco, Qatar, Tunisia and U.A.E. Projects financed or under study cover the sectors of oil refining, natural gas liquefaction, oil fields injection, petrochemicals, fertilizers, tankers, drilling, detergents, catalysts, synthetic fibres and synthetic rubber. During 1978, APICORP managed, co-managed and arranged project linked loans and bond issues totalling SR2957m (\$896m). Net profit for the year was SR63m (\$19m). Net assets as at 31st December 1978 were SR1346m (\$408m). Project investments as at the same date totalled SR402m (\$122m).

الشركة العربية للاستثمارات البترولية ARAB PETROLEUM INVESTMENTS CORPORATION Copies of the Annual Report and Accounts available on request as of mid June from APICORP, P.O. Box 448, Dhahran Airport, Saudi Arabia. Telephone: Al-Khobar 86 47100. Telex: 670068-SJ APICORP.

BAHRAIN IX

Exhibitions to the rescue

STEEL skeleton of what be the Diplomat Hotel... the saga of the start, re-financing, and re-start is hotel.

By morals can be drawn the Gulf... the two most us are that construction in the Gulf are still rising

Holiday Inn, and the Hilton, as well as the Diplomat have had to raise loans from the international market.

Bahrain Golf Hotel's annual report shows that the tower, which should be completed by early next year, cost BD 2m (\$5m) more originally estimated.

Unfortunately for the Gulf and the other hotels open in 1978 was not such a year as initially predicted. It was almost solely due to activities of the Bahrain Exports Management (AEM), started its exhibitions

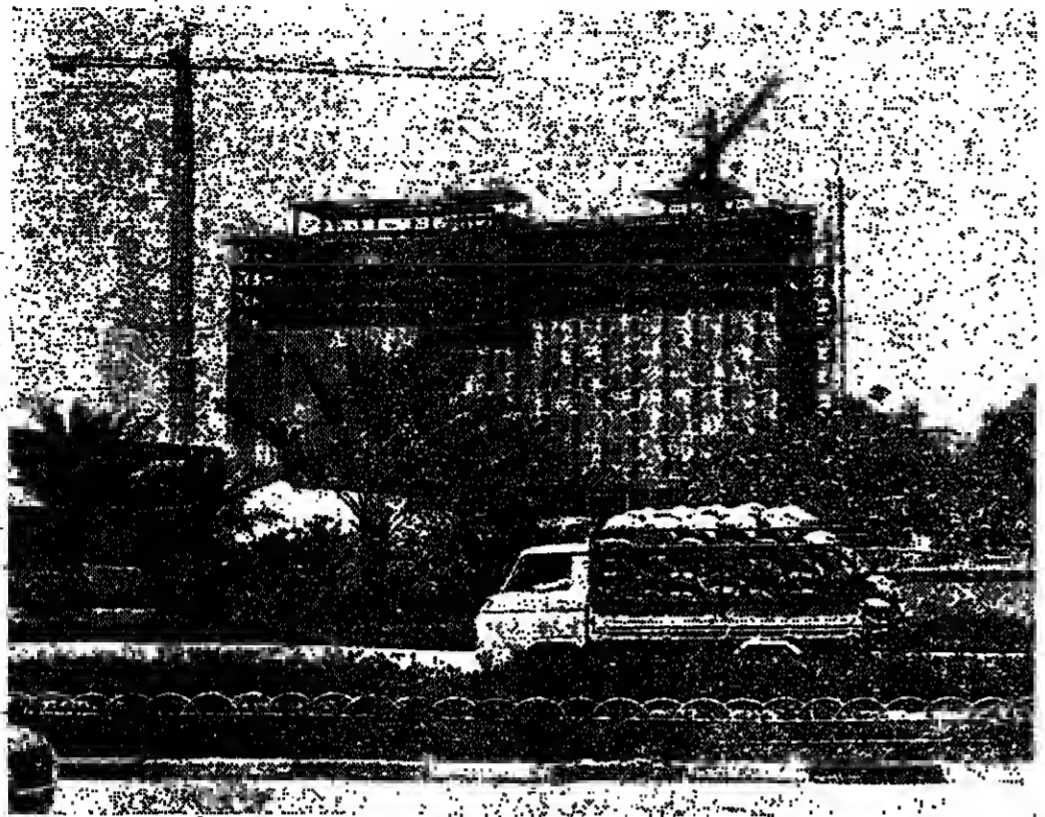
The other established hotels also claimed high occupancy rates and the newest, Holiday Inn, opened in time to accommodate delegates to the seminar that accompanied the Gulf Hotel.

Hoteliers, too, are grateful to the 27, or so, calling regularly at the airport has the crossroads of the island, depositing their luggage for night stops.

Not only that the crews rooms but they give life international atmosphere which is particularly in lean times, comments hotel managers.

It was only during the months of this year that hoteliers ceased looking at regrets at the boom of 1976-77 when occupancy were well over a 100 per cent for Bahrain residents had tables for lunch.

800 of the 1,700-plus bedrooms of Western hotels in Bahrain are in first class hotels of international standard, now available in Bahrain.



The new Sheraton Hotel complex in Manama under construction by Taylor Woodrow

HOTELS DOINA THOMAS

standard, now available in Bahrain are in first class hotels of international standard, now available in Bahrain.

But in the course of next year, when the Gulf will have to start selling its 240 new rooms, there will be additional competition from the Sheraton and the French-run Regency Hotel.

The three new hotels between them will add almost a further 1,000 beds to Bahrain's capacity. While wishing further success to AEM in 1980, Bahrain's hoteliers are also fervently hoping the Bahrain - Saudi Arabia causeway contract will be let early in 1980 to take up the new regions.

There is little that the hotel trade can do to increase the number of visitors to Bahrain: numbers have declined severely as the Gulf states went into recession at the beginning of last year.

To counter the international marketing systems of the Hilton, Holiday Inn, Ramada and Sheraton, the Gulf Hotel may turn to Gulf Air, which has a 45 per cent stake in its parent company, the Bahrain Hotels Company.

Cable and Wireless operate the Gulf State's communications with a 100 per cent franchise agreed with the Amir. The British Government-owned corporation runs the domestic telephone system, international Telex and telephones, a tropospheric scatter system of communications with other Gulf states, a satellite station and extensive microwave ties with Saudi Arabia.

But over the past year the system's capacity has been nearly saturated and a backup is needed. Cable and Wireless would like to see an early agreement among Gulf governments for the installation of a submarine cable between Bahrain, Qatar and the Emirates and possibly bringing in Kuwait, at a later date.

Revenue from telephone use alone has gone up from a monthly average of around \$984,000 in 1977 to \$1.4m in 1978. Telex revenue from \$734,000 in 1977 to \$853,400 in 1978. Back in the Sarabex dealing room the office staff will be handling a telephone and Telex bill of possibly \$21,300 a month.

Scene two is in the front seat of a battleship-like, air-conditioned American car gliding through the streets of Manama. The owner is anxious to impress on your correspondent the advantages of having a mobile telephone. Your correspondent forgets the cost of the apparatus after being shown how it is possible to dial directly from a car in Bahrain to the British Post Office's London Weather Service and hear a rather bored voice tell of the danger of clouds later in the day moving in from the Channel.

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Bahrain which, until the downturn in business of 1978, was relatively free spending. The hotels compete to organise shows, speciality evenings and other forms of entertainment which all seem to prove very popular.

Last year the Ramada stole a march on the others by organising outdoor film evenings followed by a barbecue. These have proved enduringly popular, attracting over a hundred guests on two or three nights a week. This year the Hilton is countering with a small theatre show.

But competition for the residents' business is increasing daily — the number and quality of restaurants in Bahrain has increased over the past year. There is now a wide variety of professional and semi-professional restaurants, discotheques and virtual night-clubs in Manama.

Not all are successful: some die and reappear in other guises and some have problems with getting the appropriate licence. (A place of entertainment near a mosque is unlikely to get a liquor permit, for example.)

There has also been a drive by Manama municipality to raise hygiene standards of the restaurants and take-away cook-shops of the capital. The island's various special-interest clubs — sports clubs, professional clubs — are venturing more into simple catering.

That Bahrain takes its hotel industry seriously is shown by the fact that a hotel and catering college opened in 1978 with United Nations Development Programme guidance. The college was rapidly upgraded to become a regional centre and Saudis and Omanis were numbered among its first students as well as Bahrainis.

The college is recognised as a City and Guilds standard examination centre and its two year course offers a diploma in hotel operations. The course covers all aspects of hotel work, housekeeping, catering, reception and front office work as well as restaurant service. Its first graduates went to work in the summer of last year. (The Gulf Hotel says that over 50 per cent of its personnel are now Bahrainis.)

To do business in Bahrain you need to know the right people.

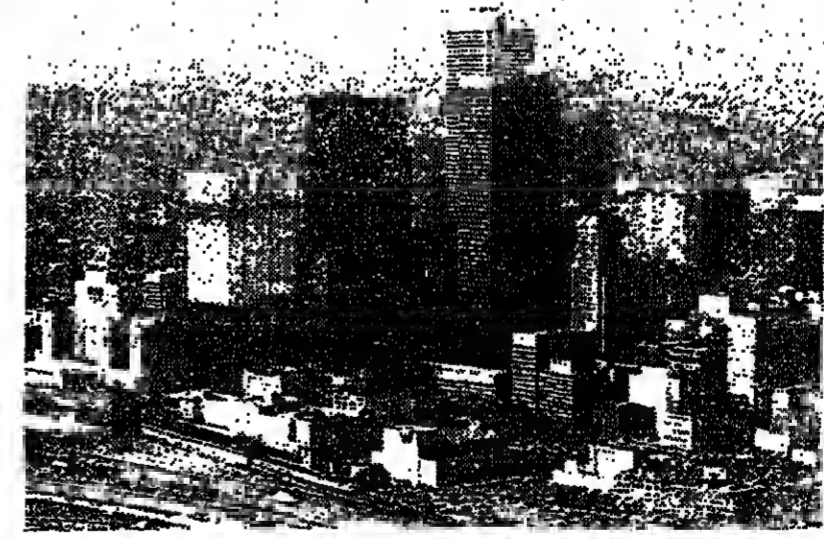
That's where we come in. The National Bank of Abu Dhabi has the resources a businessman needs to trade in Bahrain and the Middle East. Not just finance but the practical, down to earth help business requires to be successful in these fast growing markets.

If you think we can help you, please contact our Head Office or our Branches in Bahrain or London.

- Head Office: P.O. Box 4, Abu Dhabi, United Arab Emirates. Telephone: 43262. Telex: 2266 Masraf AH. Bahrain Branch: P.O. Box 5247. Telephone: 250824/251398. Telex: 8483 Masraf GJ. London (City Branch): 99 Bishopsgate, London EC2N 4AS. Telephone: 01-626 8961. Telex: 8812085 Masraf G. Other Overseas Branches: Bahrain, Egypt (Cairo), Alexandria, Port Said, France, Oman (Muscat), Muscat, Sudan (Khartoum, Port Sudan), Tunisia, United Kingdom (London West End).

Logo of National Bank of Abu Dhabi with Arabic text 'بنك أبوظبي الوطني' and English text 'NATIONAL BANK OF ABU DHABI'. Below it, 'The businessman's bank' and 'Total Assets at 31 December 1978: £1,777,620,000 (£1.00=Dirham 7.85)'. A small crest is on the right.

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Open the door of Canadian Imperial Bank of Commerce in London and you have over 1700 branches open to you in Canada. What's more, as well as having the largest network of branches in Canada, we're also big internationally, with offices in the United States, Paris, Frankfurt, Hong Kong, Singapore and in many other world financial centres.



CANADIAN IMPERIAL BANK OF COMMERCE

Head Office—Commerce Court, Toronto M5L 1A2, Canada. London Office, 55 Bishopsgate, London EC2N 3JN. Office of the Middle East Representative, P.O. Box 774, Manama, Bahrain. Telephone 50551. Onshore Banking Unit, Bahrain, P.O. Box 5484, Manama, Bahrain. Telephone 34285 or 35049. Over 1700 branches in Canada, and representative offices worldwide.

A key factor in finance growth

SCENE is the dealing of Sarabex, one of the money brokers serving n's extensive banking unit. enviable luxury, eight sit at a round table with equipment. It is a business is at its hectic. One dealer is on the phone to Singapore, another to a third to Riyadh, a female dealer, a girl in white jeans e-shirt, seems to run on adrenalin and copes with three telephone calls.

front of each dealer is a rd giving them direct access to 40 private leading to commercial or offshore banking units. Reuter monitor screens display forward and there are three key-allowing three simul-s interrogations of the

nt the wall is a battery in Telex machines, thum on with leased circuits, nently linked to Singa-on and Dubai. International telecommu- has helped draw the al community to Bahrain s been a key factor in the of offshore banking, scess to telephone and communications and, ngly, to computer data have also been vital to n's plans to expand its industries.

TELECOMMUNICATIONS MARK MEREDITH

Cable and Wireless operate the Gulf State's communications with a 100 per cent franchise agreed with the Amir. The British Government-owned corporation runs the domestic telephone system, international Telex and telephones, a tropospheric scatter system of communications with other Gulf states, a satellite station and extensive microwave ties with Saudi Arabia.

C and W have a \$425m expansion plan over the next five years covering the installation of more telephones (12 new lines a month) and the operation of a second satellite station which is due to bring in an additional 1,300 voice grade circuit capacity. The first satellite station has been fixed on the Indian Ocean satellite handling calls to Europe and some transit traffic for the United States. The new satellite station will have its dish apparently aimed directly at the horizon to fix onto the Atlantic satellite and opening an extensive new communications link with the United States. Calls to the U.S. are routed through Europe. The tropospheric scatter system bounces a powerful signal off the ionosphere and is used for short range telecommu- within the Gulf.

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THE ARTS

Victoria and Albert

The Garden by ANTONY THORNCROFT

Victoria and Albert... a historical survey and anyone expecting a concentrated view of a well-known Witley will be disappointed.

with such a pronounced renege, by name Capability Brown, the man most people have associated with the history of the English garden.

This integration is apparent as early as 1547 in the impressive portrait of Henry VIII, plus his children and his favourite wife, Jane, with the French-inspired gardens of Hampton Court.

rather like an undemanding maze, with the green carpets nicely lined, like a well mown lawn. The educational intent is there from the start with a narrow passage devoted to gardening tools opening up into a display of captivating historical hooks.

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"In the Pleasance" by Atkinson Grimshaw

Is. Town Hall

BBC Symphony Orchestra

by RONALD CRICHTON

Leeds Festival closed at weekend with two big full-length concerts of the traditional still justifiable and they are good. The BBC Symphony Orchestra was heard on consecutive evenings under conductors (Rozhddestvennyy) Friday, Mackerras on Saturday to whom it responds well.

harmonic Cyprus, mustered some 150 throats. There was a degree of segregation unusual in these days—ladies and gentlemen separated by a wide chasm of percussion. Ensemble apparently presented no problem but one was aware that the keen sound of the women's voices suited the music (and the French language) better than that of the men, keen in the other sense but sometimes strained.

Architecture

Living museum at Ironbridge

by GILLIAN DARLEY

The word museum has a rather grim ring to it, possibly, as Sir Ernst Gombrich pointed out recently, because of the unfortunate fact that it rhymes with mausoleum. Yet the new breed of museum is far from moribund, and the fascinating complex of buildings that makes up the Ironbridge Gorge Museum is the best possible proof of that.

Museum, was inaugurated as recently as 1973. Since then, new museums have opened at the rate of one a year and this year sees two additions. One, already presenting its second exhibition, is in the converted coachhouse adjacent to Darby's house in Coalbrookdale itself.

before returning to its place of manufacture. Further along the Gorge is the architectural oddity of the museum—the Gothic castellated Severn Warehouse which traces the history of the "most extraordinary district in the world" as the Severn Gorge was characterised in 1800.

Festival choir, augmented men of the Leeds Philharmonic... The new director of the British Film Institute is to be Mr. Anthony Smith, a former producer with the BBC and more recently a Fellow at St. Anthony's College, Oxford.

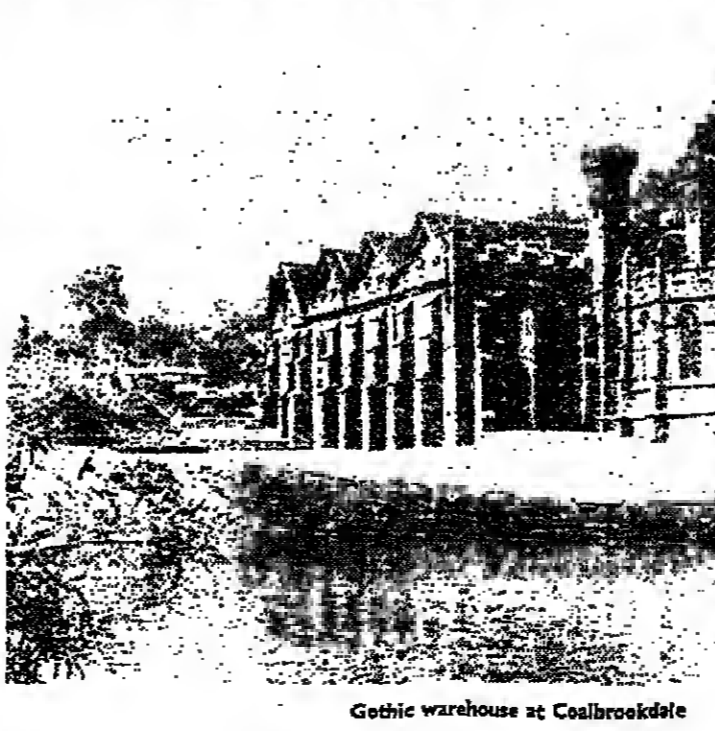
The book, which is a landmark in recording the past of the city, is the 10th to be published in the Oxfordshire set of the Victoria History of the Counties of England.

New history of Oxford

A new history of Oxford, the first to be based on a full range of original manuscript and printed sources, has been published.

Appropriately, the building itself, dating from the 1830s—its clock-tower was added in 1843—is supported on cast iron columns throughout its original windows are of cast iron and the principal eye-catcher on the ground floor is an exuberant fountain depicting Cupid and the Swan (supposedly based on a less innocuous Greek subject, Boy strangling a Goose).

That such success has been achieved within the past five years and that, with it, has come renewed life for an entire depressed region says much for the new thinking in the museum world. Ironically, and beneficially, sited within Telford New Town, Ironbridge Gorge is no polythene-wrapped leisure area. It is viable, lively and utterly engrossing.



Gothic warehouse at Coalbrookdale



Frederica von Stade and Patricia Parker

Glyndebourne

Il ritorno d'Ulisse

by MAX LOPPERT

The famous Glyndebourne production of Monteverdi's Il ritorno d'Ulisse in patria, first given in 1972 and revived the following festival but not thereafter, returns this year in splendour. Raymond Leppard is once again the conductor of the London Philharmonic; Peter Hall's original production now falls to the care of Patrick Libby; Richard Stilwell is again Ulisse, as he was in 1973; in the role of Penelope, a successor worthy of Janet Baker has been found in Frederica von Stade.

smaller though no less loving duct old shepherd is in wonderfully wise, kindly form. Iruis, the potential danger spot of any Ulisse, is less a "cavaliere panciuto" in Alexander Oliver's keen playing of him than a Shakespearean court eccentric. The designs of John Bury have been fully praised on this page before. An "unforeseeable mechanical accident" shortly before the commencement of rehearsal has diminished the ambience of the acrid encounters; a newcomer to the production has nothing to complain of in the clear slow descents of the flying machines. Apart from suggestions of uncertainty in the early stages of the evening, Robert Bryan's lighting explains what is meant by the phrase "Glyndebourne standard."

I don't propose to repeat in detail familiar charges against Mr. Leppard's edition. I regret its omissions (while there is evidently more music in the Glyndebourne Ulisse than before, a delightful little scene such as the second between Penelope's handmaid Melanthe and Eurymachus is still an unhappy deprivation). I dislike its blunt string textures (the TPO played them motivically, its trickier changes of emotion, and the conductor's hushed way with ominously charged sentences and parapsyllipsis. I remember Mr. Leppard for putting Penelope's line on an octave at climactic moments; someone who has heard Sarah Walker's Penelope for Kent Opera will know how expressive and dramatically apt the original, low-lying line can be made in sound. And above all this, I recognise that the strength of Glyndebourne's Ulisse, and its success as a radiant, impassioned evening of music drama, still and still, is its commitment to 17th century opera.

This great opera seems the greater with each bearing. Recent encounters with the work in this country have taught us widely differing aspects of it. The Zurich visitors to Edinburgh last year showed—as it were by default—Sunday's performance left as a whole an indelible impression: the kind of performance that one imagines will stay golden and lustrous in the memory for years to come.

Glyndebourne's account is the most beautifully sung, the most sensitively staged, the most eloquently acted of these. It displays to the full the grandeur of the musical and dramatic design. The almost uniform confidence and clarity of the singing guide the ear into noticing how cunningly the scenes are laid out in terms of vocal disposition. In scenes for male voices, for female voices, for voices in contrast and in chorus, in scenes that begin as solo declamation and proceed to draw in contrasting vocal sounds and colours—in these and related matters Monteverdi's mastery stood newly apparent on Sunday evening.

Clark Terry Band in Birmingham and London. The Clark Terry Big Band will be appearing at Birmingham and London in June. The band will be at Birmingham Town Hall on Saturday June 16 (8 p.m.) and at the Queen Elizabeth Hall on the following Monday at 7.45 p.m.

Advertisement for Stanley Gibbons Ltd. featuring the text: "A lot of people might tell you about rare stamps. Nobody else can do it from 123 years' experience." Includes contact information for Stanley Gibbons Ltd. and a form for requesting a free booklet.

UK COMPANY NEWS

Selincourt makes good start: record year seen

SALES for the first year well ahead of those for same period last year... Selincourt's shares have been weak ever since the publication of the preliminary figures...

Laird may decide on arbitration

The Laird Group is "contemplating going to arbitration" to settle its outstanding compensation claims against the Government...

BOARD MEETINGS

Table listing board meetings for various companies including Amnissae Shanks, Associated British Foods, and others with dates.

More O'Ferrall confident of expansion

Mr. E. R. More O'Ferrall, chairman of More O'Ferrall, chairman of More O'Ferrall, chairman of More O'Ferrall, chairman of More O'Ferrall...

Silentnight spending up to £4.5m

During the past trading year, Silentnight Holdings continued its efforts to increase production and to penetrate new markets both in the UK and overseas...

Good first quarter by F. J. C. Lilley

First quarter trading results at F. J. C. Lilley, civil engineering group, had justified the confidence expressed in the annual review...

CLAY CROSS

The directors of Clay Cross Company have confirmed that they are to repay the company's 7 1/2 per cent Unsecured Loan Stock...

The Charterhouse Group 1978

Mr Nigel Mobbs reports to shareholders

I am pleased to report a profit after taxation of £7,787,000 for the 15 months ended 31st December 1978, compared with £5,161,000 for the 12 months ended 30th September 1977...

Dividend The directors are recommending a final dividend of 0.9226p per share; this, when aggregated with the first and second interim payments, amounts to 4.613p per share for the 15 months (1977-12 months 3.355p).

Table titled 'RESULTS IN BRIEF - £ million' comparing 1978 and 1977 performance across various metrics like Capital employed, Shareholders' funds, Profit before interest, etc.

The Group The main features of the period's results are: Satisfactory results from the bank and development capital activities; good performances by Newage Engineers, Spring Grove Services, Napcolour and Charcon Products and a useful contribution to profit from some of the smaller subsidiaries...

Corroon and Black, a major US insurance broker, which holds a 35% interest in Glanvill Enthoven, has announced its intention to pool its interests with a larger UK insurance broker...

The year 1978 was a difficult year for business generally, with higher interest rates, instability in currency markets and growing industrial unrest. Nevertheless, in the context of these conditions, the Group performed well...

Future Prospects 1979 will be a difficult year for world trade. Although the UK is fortunate in being largely self-sufficient in energy, the country is still very dependent upon exporting...

NIGEL MOBBS, Chairman

What are the Developments in Domestic Banking?

What is happening in Europe and in North America? Why increase involvement in retail banking? These and many other questions will be discussed at a London conference sponsored by the Financial Times and The Banker on 28 and 29 June 1979.

- Mr. Christopher Tugendhat, Member of the Commission of the European Communities. Mr. J. A. Brooks, General Manager, Midland Bank Limited. Mr. William M. Isaac, Director, Federal Deposit Insurance Corporation, Washington, DC.

- Mr. James L. Smith, Senior Vice President, Security Pacific National Bank. Mr. Richard S. Braddock, Senior Vice President, Consumer Services Group, Citibank NA. Mr. Josef Leis, Senior Vice President, Westdeutsche Landesbank Girozentrale. Mr. A. Alessandrini, Managing Director, Banco di Roma, Rome.

For further details of the conference, and registration procedures, please complete and return the coupon below.

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The Charterhouse Group is an investment and banking group listed on the Stock Exchange, London, with shareholders' funds of £61 million and total capital employed of £95 million. The Group's strategy is to invest in businesses with the object of strengthening their profitability and future prospects...

Systematic growth at home and abroad highlights successful 1978 at BHF-BANK.

Highlights from the Annual Report 1978

Consolidated Figures (in million DM)

Loans to Customers	11,030.8
Total Deposits	10,377.7
Bonds issued	6,111.3
Equity Capital and Reserves	487.1
Total Assets	17,677.6

The complete Annual Report in German and summarized Annual Reports in English and French are available on request.

Managing Partners:
Dr. Wolfgang Graebner, Herbert H. Jacobi,
Dr. Hanns Christian Schroeder-Hohenwarth, Klaus Subjatzki,
Rüdiger v. Tresckow

BHF-BANK, synonymous with the finest in German merchant banking, posted good results in 1978. Consolidated total assets grew to DM 17.68 billion as compared with DM 16.05 billion the previous year. Earnings rose at a corresponding pace.

At home, a full-service branch was established in Munich. Southern Germany's foremost business and financial center. BHF-BANK now has on-the-spot facilities to service internationally active companies in all major German economic regions.

International growth continued to expand in all major spheres, particularly with multimarket corporations throughout the world.

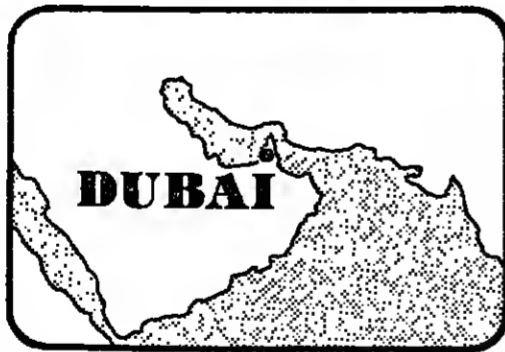
In line with its long-term objectives, BHF-BANK took important steps in 1978 to further broaden the geographical base of its capabilities. An office was opened in London, and the Bank acquired full holding of its Luxembourg subsidiary, BHF-BANK International.

BHF-BANK
BERLINER HANDELS- UND FRANKFURTER BANK

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Resourceful by Reputation.

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LONDON REPRESENTATIVE OFFICE: 25, BIRCHIN LANE, LONDON EC3, TEL: 6239715. BHF-BANK INTERNATIONAL, 89 GRAND-ROUE, LUXEMBOURG
BHF-FINANZAG, MYTHENQUAI 28, 8022 ZÜRICH. OFFICES IN: BOGOTA · HONG KONG · JOHANNESBURG · NEW YORK · SINGAPORE · TEHRAN · TOKYO

The trade centre of the Arab World...



...and its trade and exhibition centre.

Dubai is the natural commercial and distribution centre of the Middle East. Through its ports comes much of the traffic serving the Gulf States and other Arab nations. Dubai has therefore always been the natural crossroads between the West and the Middle East and is now poised to become even more important. It is therefore the ideal venue for trade and technical exhibitions in the Arab world, and for associated conferences. The more so, because of its cosmopolitan and international lifestyle.

Thus, a need springing up in Dubai for the ultimate in exhibition and conference facilities — and the need has been met by the construction of the new Dubai International Trade Centre. Its exhibition hall provides the best air-conditioned display space in the Gulf, with the most modern exhibition lighting systems. Every support facility is available, from show management offices to permanent refreshment areas, restaurants and special VIP lounges.

In addition, there are excellent conference and office facilities in the adjacent 38-storey tower, including sophisticated audio-visual aids. Delegates, exhibitors and visitors will welcome the immediate proximity of the luxurious 400-room Hilton Hotel, with its international restaurants, bars, swimming pool and sauna. And of course, the entire complex offers unrivalled commercial services (telex, photocopying, printing etc.), maintenance and 24-hour security facilities.

All in all, for those organising exhibitions or conferences in the Middle East, the Dubai International Trade Centre, being at the centre, is the only Centre.

Find out the facts for yourself, contact:
U.K. Offices: Seymour House, 17 Waterloo Place, London, SW1 4AR
Telephone 01 930 3881. Telex 888193
Dubai Office: Trade Centre Management Company
1, Dubai PO Box 114290 Dubai, U.A.E.
Telephone 472200. Telex 47474.

TECHNICAL DETAILS:
Lighting 1215 lux at floor level
Underfloor grid 270A, 13 amp
Ceiling height 11 metres clear
over 40x36 metres column-free area
Floor loading 7.5 kilo newtons per sq. m.
Air conditioning maintained 22°C.
Maximum floor size 4x4 metres
IA integrated system
Fire-retardant ceiling offices



APPOINTMENTS

S. G. Warburg executive director

Mr. J. R. Sadlers has been elected as executive director of S. G. WARBURG AND COMPANY.

Mr. Stephen Maran has been appointed director of finance of LLOYDS AND SCOTTISH and will be based at group headquarters in London. He was previously director of credit of Lloyds and Scottish Finance. Mr. Colin Harrison, Mr. Gordon Rycroft and Mr. Nigel Turbutt have joined the Board of Lloyds and Scottish Finance.

Mr. Stephen S. Clarke, a director of Charterhouse Development, has been appointed to the board of NELSON HURST AND MARSH



Mr. Stephen Clarke

HOLDINGS), the Lloyd's broking group in which Charterhouse Development Capital has recently acquired a minority interest.

Mr. K. C. B. Mackenzie has been elected to the Board of BOND STREET FABRICS and has been appointed chairman. Mr. Mackenzie is to retire as deputy chairman and from the Board of British Home Stores on June 27.

Mr. Lionel Savery is resigning as personnel director of IPC MAGAZINES for personal reasons and will be leaving the company in August.

Mr. F. W. Stevens has been appointed chairman of MYER EUROPEAN BUYING, a subsidiary of Myer Emporium of Australia. Mr. G. W. Gallimore has been elected managing director.

Two senior appointments have been made to the secretariat of NORTH WEST GAS. Lieutenant-Colonel Edward Hibbert has been appointed senior assistant secretary (administration) and Mr. Clive Taylor, senior assistant secretary (property). Each will head his own section within the secretariat.

Mr. Carla Boyd has resigned as a director of STENHOUSE HOLDINGS at his own request because of increasing pressure of other commitments.

Mr. P. Butler has been appointed the executive director responsible for the North American aviation division of STEWART WRIGHTSON. By mutual agreement, Mr. J. Bowden has been released by the company from his contract of service to take up another position and he will be resigning from his directorships and all his appointments within the Stewart Wrightson Group.

ALEXANDER HOWDEN UNDERWRITING states that Mr. J. G. Thorpe, who was previously deputy underwriter to marine syndicates 696 and 697, has been appointed underwriter following the resignation of Mr. P. M. Salt. Mr. D. B. Hepworth has joined the syndicates as deputy underwriter.

Mr. A. O. Cox, chairman of Todd-Rixton (Steele) and formerly with British Steel

Tanker shortage forecast

OIL TANKER construction should increase significantly by 1982, prompted by the improvement to world tanker demand/supply balance underway and a recovery in freight rates between now and the early 1980s, said Terminal Operators.

Terminal Operators, the independent research and consultancy arm of the Eggar Forrester Shipping Group, said, however, it seems unlikely freight rates will rise sufficiently in the period up to 1982 to cover fully current and capital costs.

New building of large carriers will consequently fall short of mid-1980 requirements, giving rise to the prospect of a boom market in 1982-85.

Terminal Operators estimates a point of near balance for crude carriers may be reached in 1982 when the surplus falls to about 1.9m deadweight tonnes from the 1978 figure of 102.3m tonnes, while product carriers are likely to be in deficit by around 13.1m tonnes.

The crude carrier fleet is projected to fall to 312.5m tonnes in 1982 from 328.1m tonnes in 1978, taking into account known new building and likely scrapage rates. The product carrier fleet is projected to fall to 18.5m tonnes from 22.1m tonnes.

International trade in crude oil is forecast to grow by 5.7 per cent per annum up to 1982 to 2,019m tonnes, while products trade is forecast to rise 4 per cent per annum to 384m tonnes.

Corporation has been appointed chairman of JOHN ORMEROD AND SONS.

Mr. S. R. Stephens has been appointed a director of PROVINCIAL CITIES TRUST.

Mr. H. G. Buck has been appointed chairman of STAR OFFSHORE SERVICES. He succeeds Mr. G. W. Searle, who is to retire this year.

Mr. Peter D. Hinkroyd-Smith, at present commercial director of CONSOLIDATED SAFE GUARDS, has been appointed joint managing director.

Mr. R. H. K. Seelig has been appointed to the board of MORGAN GRENFELL AND CO.

Mr. Michael J. D. Church has been made managing director of CROWN CENTRAL INTERNATIONAL (UK), a subsidiary of Crown Central Petroleum Corporation. Mr. Church was general manager of the London office until the end of March this year.

Mr. Graham Haywood has been appointed executive director of HOVERINGHAM HOWARD, Lloyd's Brokers.

Mr. Ron Applegate has joined TRIPLEPLAS MACHINERY SALES as southern area manager.

Mr. Peter W. G. Tom has been appointed deputy chairman of the BARDON HILL GROUP. In addition, Mr. Tom and Mr. David J. Manchip have become joint managing directors of BARDON HILL QUARRIES LONDON, and Mr. S. Fred Wapples has been made managing director of STEER PLANT HIRE.

Mr. Peter R. Francis has been elected to succeed Mr. Kenneth J. Burton as chairman of the ASSOCIATION OF CONSULTING ACTUARIES.

PROCTER AND GAMBLE has made the following Board appointments: Mr. B. J. Hints becomes deputy managing director, and Mr. T. J. Mason director of advertising on July 1.

Mr. Noel Newman has been appointed managing director of ASR SERVOTRON MANUFACTURING, part of the ASR Servotron Group. On taking up

his appointment, Mr. Newman was simultaneously appointed director of the Board of ASR Servotron of Congleton, Cheshire.

Mr. Jack S. Defries has joined GREENE AND CO., stockbrokers, as an associate member.

Mr. J. Robert A. C. Clement has been appointed a vice-president in CITIBANK'S world corporation group. Mr. Clement, who is based in London, works in the group's Europe, Middle East and Africa division. Mr. Otto W. van der Wyck has been appointed a vice-president of CITICORP INTERNATIONAL BANK. Based in London, he is responsible for developing the bank's corporate finance business in Europe.

Mr. David R. Sinigaglia has been appointed group managing director of AIRFIX INDUSTRIES. Consequently the group's two operating divisions will now be amalgamated under Mr. Sinigaglia's authority. Mr. John A. S. Gray, having reached the age of 59, and in anticipation of retirement, will remain on the



Mr. David Sinigaglia

board with special responsibility for new product development. The following appointments to subsidiary boards have been made: Mr. Ray McNele, managing director, Meccano; Mr. Richard Fensome, managing director, Airfix Plastics/

Craynne: Mr. Frank Wheel managing director, Airfix Toys; and Mr. Robert Wilson managing director, TAL Impex.

Mr. Kenneth C. Ford has been appointed an additional estate surveyor with the SCOTTISH METROPOLITAN PROPERTY COMPANY.

Mr. James Prior, Secretary State for Employment, has constituted the PETROLEUM INDUSTRY TRAINING BOARD for a further three years. It has reappointed Mr. E. Chopper as chairman and named 14 other members. The include five new members: E. W. Allsup, Mr. A. R. Butler, Mr. M. S. Hefferan, W. Pritchard and Mr. W. Simpkins. One employee member and one educational member have still to be appointed.

Lord Remnant, joint managing director of Touche, Remnant & Company, has been appointed chairman of the BANK OF SCOTLAND'S London Board in succession to the late Lord Allan of Kilmahew.

New director of the Scott Federation of Housing Associations is Mr. Jim Sillar, MP South Ayrshire from 1970 to this year. The SFHA prams the voluntary housing movement in Scotland representing more than 140 associations devoted the provision of better housing. Mr. Sillar, who is 41, came from Ayr. Before becoming MP he was head of the Organisation and Social Services Department at the Scottish TUC.

New president and officers of the Birmingham Chamber of Industry and Commerce elected today are: president, Mr. J. Brown; vice-presidents, Mr. David Owen, Mr. J. A. R. Treasurer, Mr. N. R. Gillett. Mr. J. L. Brown was former chairman and managing director of the Birmingham Post Mail. He is a director of I Holdings and was the President of the Newspaper Society 1976-77.

Mr. A. D. Owen is chair and group managing director of Rubery Owen Holdings. Mr. J. A. Black is a former honorary treasurer of the Chamber and will also be elected vice-president. He is chairman of Chi Barker, Black and Gross, Birmingham advertising agent

A FINANCIAL TIMES SURVEY

MEXICO OIL AND GAS

July 27 1979

The Financial Times proposes to publish a Survey on Mexico Oil and Gas. The provisional editorial synopsis is set out below.

INTRODUCTION: Opportunities offered and problems posed by Mexico's oil wealth. The balance of payments, industrialisation, regional policy.

PRODUCTION ONSHORE: Big new finds in Southern Mexico. The supply of equipment and labour.

OFFSHORE PRODUCTION: Pemex begins the offshore search in favourable circumstances.

NEW PROSPECTING: Pemex begins exploration for oil in areas not previously thought to be oil bearing.

GAS PRODUCTION: The output of gas, wet and dry, and the possibilities for increasing production.

PEMEX: A portrait of a company which has emerged as one of the world's biggest corporations after a period in the doldrums.

OIL AND GAS DISTRIBUTION: The siting of refineries and the laying of pipelines.

MARKETING: The domestic pricing policy for oil and gas. Mexico's export strategy and selling policy to the U.S.

PERSONALITIES: Brief sketches of leading figures in the industries.

FOREIGN SUPPLIERS: The role, actual and potential, of foreign oil companies and equipment producers in Mexico.

For further details of advertising rates please contact:

Helen Lees
Financial Times
Bracken House, 10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ext 238

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

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INTERNATIONAL COMPANIES and FINANCE

A.N. AND WHITE MOTOR

Both sides return to square one

BY DAVID LASCELLES IN NEW YORK

COLLAPSE over the deal of the proposed merger between White Motor and MAN... The market is also 95 per cent saturated with diesel as opposed to gasoline power, and offers little scope for expansion on the diesel-powered trucks in which White specialises.

hoffnungshuette, the West German engineering giant, seemed ideal. Like many large European lorry concerns, it wanted to expand into the promising U.S. market, and was prepared to invest big sums to do so. MAN also has expertise in the smaller truck technology capital for subsidiaries. MAN, which is 75 per cent controlled by GEB, opted a one-for-five issue at DM 142.5 a share.

Citibank adjusts lending rate formula

NEW YORK—Citibank has made an adjustment to its formula it uses in setting its base lending rate or prime rate.

The reason given in the official announcement was that the "synergistic benefits" would be less than thought. In other words, the deal would not lift the two companies to a higher plane than they could reach by themselves. So, it was scrapped.

CPI in \$217m property bid

TORONTO — Marathon Realty Company, a unit of Canadian Pacific Investments, has made a proposal to acquire General Growth Properties by way of a cash merger at U.S.\$35 a General Growth share.

INVESTMENT IN MEXICO

Foreign interest revived

BY WILLIAM CHISLETT IN MEXICO CITY

THE HOPE that rising oil revenues will fuel an economic boom in Mexico has inspired a sharp increase in the rate of foreign investment. Overseas investors had been largely kept out of Mexico since the devaluation of the peso in 1976.

Mexico's economic outlook has now greatly improved, and with the country's oil wealth offering the prospect of rapid industrial expansion, investors are almost falling over themselves to establish joint ventures.

unemployment and under-employment are estimated at more than 40 per cent of the workforce. New industrial centres are to be created around the country. Foreign firms meeting these three requirements and also agreeing to a "programme of Mexicanisation" will be able to enjoy the 25 per cent tax credits and 30 per cent cheaper electricity, natural gas and fuel oil that are made available to Mexican companies.

Exaco raises spending budget

Exaco has raised its 1979 exploration and development spending by about \$150m from \$1.2bn to \$1.35bn. The company said that about 70 per cent of the increase will be spent in the U.S. and the rest in other countries.

Bunker Ramo turns down \$96m offer

OAK BROOK—The Board of Bunker Ramo, the electrical and electronics equipment group, has rejected Fairchild Industries Incorporated's \$96m bid to acquire Bunker Ramo.

Japanese groups in U.S. moves

TWO JAPANESE concerns yesterday announced plans for new ventures in the U.S.—one in the field of motor vehicles and another in the restaurant business.

Isuzu Motors, one of Japan's major vehicle makers, is to import its own U.S. distributor channel in the wake of General Motors' decision to stop selling its cars.

GM currently markets its own fuel-efficient compact cars that compete directly with Isuzu's Gemini, which had been sold in the U.S. as the Buick Opel.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market has been established. For further details of these or other bonds see the complete list of Eurobond prices published second Monday of each month.

Table with columns: Issued, Bid, Offer, Change on day, Yield. Includes sections for OTHER STRAIGHTS, CONVERTIBLE, and BOND.

Kaiser Cement buys stake in Florida Mining

TAMPA—Mr. J. L. Cone, a member of the board of Florida Mining and Materials Corporation, with several members of his family, has sold an aggregate of 455,000 shares of Florida Mining to a subsidiary of Kaiser Cement at \$22.50 a share in cash.

Simpsons Sears ahead

SIMPSON'S SEARS, the major merchandising group controlled by Sears Roebuck of the U.S., reports consolidated net sales of \$655.1m in the first quarter against \$655.1m a year earlier, an increase of 7 per cent.

Slack trading in Eurobonds

THE EUROBOND market was dealers quiet yesterday with very little trading activity. The major European financial centres except London were closed.

Alexander Howden Finance B.V. advertisement featuring a logo and text: U.S. \$30,000,000 9 1/2 PER CENT GUARANTEED BONDS 1991 WITH WARRANTS ATTACHED. Also lists various international banks and financial institutions.

Companies and Markets

PLM lifts earnings in first four months

By William Dufforce in Stockholm

PLM, the Swedish metal can, packaging and waste treatment concern, made pre-tax earnings of SKr 1.4m (538,000) during the first four months, ahead by SKr 0.9m from the corresponding period of 1978. Group sales rose by 11 per cent to SKr 709m (\$161m).

Solid growth continues at BMW

BY GUY HAWTIN IN FRANKFURT

BMW, the West German high-performance car maker, is still forging ahead at a rate well above the country's motor industry average, with powerful growth in cash sales, output and exports in the first five months of 1979.

not be maintained for the year as a whole. The BMW management is sticking to its earlier forecast of 10 to 12 per cent sales expansion for 1979.

But so far, BMW shows few signs of suffering. Figures for 1978 show the parent's sales up by 19.4 per cent to DM 6,966m, with exports totalling DM 2,546m and domestic sales DM 3,126m. Group sales rose by 18.6 per cent to DM 6,569m.

Bond market test for W. German authorities

By Jeffrey Brown

MEETING in Frankfurt today to discuss, and perhaps fix, the terms of the latest government offering in the bond market, the West German Capital Markets Committee faces a number of difficult decisions. It needs badly to get them right.

Roche forecasts profits recovery

BY JOHN WICKS IN ZURICH

SOME RECOVERY is forecast by the Swiss pharmaceuticals group Hoffmann-La Roche, which expects sales and profits to be higher in 1979.

Although sales increased in most natural markets, Swiss franc turnover in pharmaceuticals was down by 17 per cent to SwFr 2.3bn. In comparison, the vitamins and chemicals product group expanded from 20 to 29 per cent in group sales.

According to Fritz Gerber, chairman of the Basel-based parent company "cautious optimism" with regard to this year's results has been earned so far.

Sales in terms of local currencies rose substantially in 1978 and turnover of the Belgian company, Citrique Belge SA, was included in the consolidated figure for the first time. Turnover fell by 6 per cent overall last year to under SwFr 1.4bn.

Tengelmann in A & P board nominations

NEW JERSEY—Tengelmann Group, the West German food retailer that is a major shareholder in the Great Atlantic and Pacific Tea Company, has nominated four of its representatives to the supermarket chain's board.

Among those nominated as director is Helga Haub, the wife of Erivan Haub, who controls Tengelmann and is its chief executive. Also named were Rosemarie Baumelster, a Tengelmann vice-president, Sidney A. Kohl, chairman of Ridge Bancorp, a Milwaukee-based bank holding company, and Pauline Nagel, the retired vice-chairman of Household Finance Corp.

According to A and P's proxy statement, Tengelmann suggested those four directors. Earlier this year, two representatives of the German retailer were named to the board. The remaining seven nominees include three A and P executives and four outside directors unrelated to Tengelmann.

Norwegian banking law upheld

BY FAY GJETER IN OSLO

NORWEGIAN bank shareholders have lost the final round in a legal battle over a controversial new law designed to make the banks more democratic.

The measure amounted to appropriation. This argument was rejected by the municipal court. It did agree, however, that the buy-back price offered by the state for bank shares was unfairly low.

Swedish shipyard moves

MALMO KOCKUMS, the Swedish shipbuilding and engineering group, expects all group companies, except the parent and its property subsidiary, to pass into state hands on June 15.

Kockums Fastighets, in private hands after a change of name, Last December, shareholders agreed to the Government's offer to take over Kockums' assets, debts and other obligations for SKr 20m (\$4.5m).

Amfas sees turnover rise

ROTTERDAM—Amfas, the Dutch insurance group, expects turnover to rise by around 13 per cent in 1979 from Fl 1.19bn (\$566m) in 1978. Mr. J. van Someren, the chairman, told the annual meeting.

Swiss watchmaker moves out of loss-making phase

BY OUR ZURICH CORRESPONDENT

INCREASED profits and a move from losses to profit is reported for 1978 by the Swiss watchmaker, Societe Suisse pour l'Industrie Horlogere (SSIH).

Turnover in the "Omega" division, which rose by 22 per cent last year, should increase by approximately 15 per cent this year, last year rose by 19.9 per cent, and the sales programme is to be expanded this year by a low-price collection in addition to the existing medium and high-price watches with this brand.

Group turnover of the Swiss international forwarding agent Panalpina, Welt-Transport, remained almost unchanged last year at SwFr 1.84bn despite its consolidation for the second half-year of the recent acquired Harle group.

Group turnover of the Swiss firm remained unaltered as turnover would have risen by some 12 per cent, while growth in operating profit would have been of no less than 20 per cent but for the current situation.

What is clear, however, is that the Bundesbank is still struggling to resolve the major conflicting forces within the German financial markets. It has yet to equate rising loan demand with heavy capital outflows and the need to check inflation through tight monetary control.

The Swiss parent made a move from losses to profit in 1978, which foresees distribution of a 12 per cent dividend from net profits SwFr 0.48 billion at SwFr 4.93bn, express optimism with regard to its year.

This announcement appears as a matter of record only

June 1, 1979



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- Abu Dhabi Investment Company Alahli Bank of Kuwait (K.S.C.) Allgemeine Bank Nederland N.V. A. E. Ames & Co., Limited Amex Bank Limited Amsterdam-Rotterdam Bank N.V. The Arab & Morgan Grenfell Finance Company Limited Banca Commerciale Italiana Banca Nazionale del Lavoro Bank of America International Limited Bank Gutzwiller, Kurz, Buegener (Overseas) Limited Bank Julius Baer International Bank of Helsinki Ltd. Bank Mees & Hope N.V. The Bank of Tokyo (Holland) N.V. Bankers Trust International Limited Banque Arabe et Internationale d'Investissement (B.A.I.I.) Banque du Benelux Banque Bruxelles Lambert S.A. Banque Degroof S.C.S. Banque Francaise du Commerce Exterieur Banque Generale du Luxembourg S.A. Banque de l'Indochine et de Suez Banque Internationale à Luxembourg S.A. Banque Ippa S.A. Banque Nationale de Paris Banque de Paris et des Pays-Bas Banque Populaire Suisse S.A. Luxembourg Banque Romande Banque de l'Union Europeenne Baring Brothers & Co., Limited Bayerische Hypothek- und Wechsel-Bank Bayerische Landesbank Girozentrale Berliner Handels- und Frankfurter Bank Blyth Eastman Dillon & Co. International S.A. Centrale Rabobank Chase Manhattan Limited Chemical Bank International Limited Christiania Bank og Kreditkasse CIBC Limited Citicorp International Group Commerzbank Aktiengesellschaft Compagnie de Banque et d'Investissements CBI County Bank Limited Credit Commercial de Franco Credit Industriel d'Alsace et de Lorraine Credit Industriel et Commercial Credit Lyonnais Credit du Nord Creditanstalt-Bankverein Credit Italiano Dai-ichi Kangyo Paribas Limited Richard Daus & Co. Bankiers vormals Hans W. Petersen Den Danske Bank af 1871 Aktieselskab Den Norske Creditbank Deutsche Girozentrale-Deutsche Kommunalbank Dewar, Sebille, Servais, van Campenhout & Cie. DG Bank Deutsche Genossenschaftsbank Dillon, Read Overseas Corporation Dominion Securities Limited Dresdner Bank Aktiengesellschaft Effectenbank-Warburg Aktiengesellschaft European Banking Company Limited First Chicago Limited Robert Fleming & Co. Limited Fuji International Finance Limited Geosenschaftliche Zentralbank AG Vienna Girozentrale und Bank der Osterreichischen Sparkassen Aktiengesellschaft Green Shields Incorporated Hambros Bank Limited Handelbank N.V. (Overseas) Limited Hill Samuel & Co. Limited IBF International Limited Istituto Bancario San Paolo di Torino Jardine Fleming & Company Limited Kansallis-Osake-Pankki Kleinwort, Benson Limited Kuhn Loeb Lehman Brothers International Kuwait Finance Centre S.A.K. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co., S.A.K. Lyvesque, Beaudin Inc. Manufacturers Hanover Limited McLeod, Young, Weir International Limited Merrill Lynch International & Co. Mitsubishi Bank (Europe) S.A. Mitsui Finance Europe Limited Samuel Montagu & Co. Limited Morgan Grenfell & Co. Limited Morgan Stanley International Limited Nesbitt, Thomson Limited New Japan Securities Europe Limited The Nikko Securities Co., (Europe) Ltd. Nippon European Bank S.A. Nomura Europe N.V. Peterbroeck, van Campenhout & Cie. S.C.S. Pifson, Holding & Pierson N.V. Pitfield Mackay Ross Limited PKBanken Richardson Securities of Canada (U.K.) Ltd. The Royal Bank of Canada Salomon Brothers International Sanwa Bank (Underwriters) Limited A. Sarasin & Cie J. Henry Schroder Wagg & Co. Limited Skandinaviska Enskilda Banken Smith Barney, Harris Upham & Co. Incorporated Societe Generale Alsacienne de Banque Standard Chartered Merchant Bank Limited Sumitomo Finance International Svenska Handelsbanken Union Bank of Finland Ltd. Vereins- und Westbank Aktiengesellschaft J. Vontobel & Co., Bankiers Wardley Limited Yamachi International (Europe) Limited

CANADIAN PACIFIC (BERMUDA) LIMITED 8 1/2% NOTES DUE 1984

ORION BANK LIMITED announces that the sinking fund instalment due 1st July, 1979, has been satisfied by purchases in the market and accordingly no drawing will take place.

The following notes which were drawn for redemption on 1st July, 1978, have not been presented for payment:

Table with 12 columns of note numbers and amounts: 11 382 401 420 439 545 564 958 1122 1315 1324 1525 1730 2578 2597 2730 2864 2883 2802 3074 3093 3150 3214 3433 3644 3663 3652 3797 4742 4372 5166 5185 5262 5281 5338 5357 5415 5434 5699 1117 11236 11255 11274 11283 12707 12720 12745 12764 15505 19543 18352 18409 18561 18980 23262 23357

US \$34,600,000 Nominal notes will remain outstanding after 1st July, 1979.

June 1979

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Handwritten signature: J. J. J.

INTERNATIONAL COMPANIES and FINANCE

International boost for reinsurance in Hong Kong

ANTHONY ROWLEY IN HONG KONG

INSURANCE company has formed here by a group of international insurers... Zealand Insurance Company; Nippon Fire and Marine Insurance Company of Japan; and Vesta Insurance Company of Norway.

Scotts Stores deficit increases

OUR JOHANNESBURG CORRESPONDENT

SCOTT'S STORES, the Durban clothing group, turned in 2,000 (\$559,000) pre-tax profit for the year to February 28... Ship sales totalled Y22,60bn, down 57 per cent from the previous year's Y52,95bn.

Sasebo HI forecasts recovery as losses rise

TOKYO—Sasebo Heavy Industries, the medium-sized Japanese shipbuilding company, has announced increased net losses of Y18,30bn (\$82.68m) in the year ended March 31 compared with a previous net loss of Y1,16bn.

Sales dropped 37.7 per cent to Y49,472bn from the preceding year's Y79,44bn... Sasebo attributed the sharp decline in sales and profit to foreign exchange losses and the continuing worldwide business slump.

JAPANESE BANKING

National bond fall hits profits

BY RICHARD C. HANSON IN TOKYO

JAPANESE CITY banks largely faced lower operating profits in the half-year to March 31 as a result of losses on National bond holdings and tighter margins on loans... The negative margin between lending income and deposit costs which became evident during the two prior half-year periods disappeared, but the banks suffered severely from a collapse in the price of long-term National bonds.

the continued burden of national bond issues, which the Government has been forced to schedule, and which the banks have to absorb... Mitsubishi Bank showed a decline in operating profit of 12 per cent to Y32,7bn, and expects a fall to Y17bn this term.

JAPANESE CITY BANK RESULTS

Table with columns: GROSS INCOME, OPERATING PROFIT, NET PROFIT. Rows include Dai-ichi Kangyo, Fuji, Sumitomo, Mitsubishi, Sanwa, Tokai, Mitsui, Daiwa, Kyowa, Taiyo Kobe, Saitama.

Save brokerage commissions on your U.S. stock market transactions: May 1975, the Securities and Exchange Commission ruled that brokers could no longer charge minimum fixed commission rates for securities transactions in the United States.

Setback at Pan-Electric By Our Singapore Correspondent GROUP POST-TAX profit at Pan-Electric Industries fell by 12 per cent to S\$4.72m (US\$ 2.14m) for the year ended December, 1978.

LEN HARVEY & BOSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London EC3V 3EP. Tel: 01-623 6314

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Companies and Markets

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 4, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise.

In some cases market rates have been calculated from those of foreign currencies to which they are pegged. Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to a subtitled dealer.

Table with columns: PLACE AND LOCAL UNIT, VALUE DF £ STERLING, PLACE AND LOCAL UNIT, VALUE DF £ STERLING, PLACE AND LOCAL UNIT, VALUE DF £ STERLING. Lists various countries and their exchange rates with the pound.

Canadian \$ weaker

The Canadian dollar fell sharply in restricted foreign exchange markets yesterday with most European centres closed for a holiday.

At one point the Canadian currency fell to \$50.2 U.S. cents but recovered after support by the authorities to close at \$50.9 U.S. cents, sharply weaker than Friday's level of \$57.7 U.S. cents.

Stierling showed a firmer tendency and its trade weighted index remained steady at all three calculations at 67.4 up from Friday's close of 67.6.

THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, P.S. months. Shows exchange rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, P.S. months. Shows exchange rates for various currencies.

CURRENCY RATES

Table with columns: Bank, Special, European, Currencies. Lists various bank rates for different currencies.

OTHER MARKETS

Table with columns: June 4, Note Rates. Lists various market rates and exchange rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Unit, % change, % change adjusted for divergence. Shows EMS unit rates.

EXCHANGE CROSS RATES

Table with columns: June 4, Pound Sterling, U.S. Dollar, Deutschmark, etc. Shows cross rates between major currencies.

EURO-CURRENCY INTEREST RATES

Table with columns: June 4, Sterling, U.S. Dollar, Canadian Dollar, etc. Shows interest rates for various currencies.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979). Day-to-day credit was in short supply to the London money market yesterday.

LONDON MONEY RATES

Table with columns: June 4, June 1, Gold Bullion, etc. Shows London money market rates.

Thomas Cook Travellers Cheques. The accepted name for money worldwide. A member of Midland Bank Group.

ContiCommodity OFFERS YOU SIX FREE TRIAL ISSUES OF THEIR FORTNIGHTLY OUTLOOK ON LONDON COMMODITIES, FOREIGN EXCHANGE AND GOLD.

Before you trade in U.S. Government Securities talk to Lanston, the U.S. Government Specialist in New York.

LANSTON The U.S. Government Securities Specialist. Before you make your next trade in U.S. Government securities, call Lanston in New York.

Little change Gold showed very little change to the London bullion market yesterday.

EUROBONDS The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

EUROBONDS The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. Includes a table of bond yields.

WORLD STOCK MARKETS

Wall St. mixed again in slow early trading

INVESTMENT DOLLAR PREMIUM... Effective \$2.07-21 1/2 (207 1/2)...

THE AMERICAN SE Market... Vaino index advanced a further...

NEW YORK

Table of stock prices for various companies in New York, including columns for stock name, price, and change.

11121 and Total Petroleum (North America) to \$33.1...

Canada... A broad advance in Oil and Gas issues featured...

Among Oil and Gas shares... Gulf Canada climbed 3 1/2 to \$27.1...

Domestic Petroleum topped the... Annex active list, adding 1 ar...

CANADA

Table of stock prices for various companies in Canada, including columns for stock name, price, and change.

Sony fell ¥50 to ¥1,970... Pioneer Electronic ¥190...

After the good recovery in... Saturday's half-day session...

Trading volume on the first... section was about 410m shares...

One broker added that investors... are concerned over the recent...

HONG KONG

With sentiment unsettled by... a larger-than-expected increase...

MILAN

In a display of confidence about... the country's impending General...

MARKETS CLOSED

Stock Markets in the following... countries closed yesterday...

FRIDAY'S ACTIVE STOCKS

Table of active stocks from Friday, including columns for stock name, price, and change.

INDICES

NEW YORK - DOW JONES

Table of Dow Jones indices for New York, including columns for index name, value, and change.

STANDARD AND POORS

Table of Standard and Poors indices, including columns for index name, value, and change.

AUSTRALIA

Table of Australian stock indices, including columns for index name, value, and change.

MONTREAL

Table of Montreal stock indices, including columns for index name, value, and change.

JOHANNESBURG

Table of Johannesburg stock indices, including columns for index name, value, and change.

STOCKS

Table of various stock prices, including columns for stock name, price, and change.

OSLO

Table of Oslo stock prices, including columns for stock name, price, and change.

JOHANNESBURG

Table of Johannesburg stock prices, including columns for stock name, price, and change.

PARIS

Table of Paris stock prices, including columns for stock name, price, and change.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg stock prices, including columns for stock name, price, and change.

TOKYO

Table of Tokyo stock prices, including columns for stock name, price, and change.

AMSTERDAM

Table of Amsterdam stock prices, including columns for stock name, price, and change.

COPENHAGEN

Table of Copenhagen stock prices, including columns for stock name, price, and change.

VIENNA

Table of Vienna stock prices, including columns for stock name, price, and change.

MILAN

Table of Milan stock prices, including columns for stock name, price, and change.

SWITZERLAND

Table of Swiss stock prices, including columns for stock name, price, and change.

INDUSTRIALS

Table of industrial stock prices, including columns for stock name, price, and change.

PARIS

Table of Paris industrial stock prices, including columns for stock name, price, and change.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg industrial stock prices, including columns for stock name, price, and change.

TOKYO

Table of Tokyo industrial stock prices, including columns for stock name, price, and change.

AMSTERDAM

Table of Amsterdam industrial stock prices, including columns for stock name, price, and change.

COPENHAGEN

Table of Copenhagen industrial stock prices, including columns for stock name, price, and change.

VIENNA

Table of Vienna industrial stock prices, including columns for stock name, price, and change.

MILAN

Table of Milan industrial stock prices, including columns for stock name, price, and change.

SWITZERLAND

Table of Swiss industrial stock prices, including columns for stock name, price, and change.

INDUSTRIALS

Table of industrial stock prices, including columns for stock name, price, and change.

BUILDING SOCIETY RATES advertisement with logo and contact information.

BASE LENDING RATES advertisement listing various banks and their rates.

Handwritten signature 'Jelly' and other scribbles.

Additional financial data and tables, including more stock prices and indices.

Companies and Markets

COMMODITIES AND AGRICULTURE

Coffee trade counts cost of cold spell

BY RICHARD MOONEY

COFFEE PRICES continued to rise higher on the London futures market yesterday as the cost of the coffee crop which hit Brazilian growers last week.

had no real effect on production. And on this occasion the frost struck much further north than usual.

Alcan strike shuts three smelters

BY CHRISTOPHER PARKES

STRIKE ACTION by 7,500 workers at the weekend knocked out three of Alcan Aluminium's Canadian smelters in Quebec.

Fall in wool supplies predicted

By Our Commodities Staff

WORLD SUPPLIES of wool could fall next season, starting July 1, because of a sharp drop in carry-over stocks in the main producing countries.

'Farmers' borrowing to hit new record

BY OUR COMMODITIES STAFF

BANK BORROWING among farmers is forecast to hit record levels this year as they absorb the impact of a fresh round of severe cost increases.

Mexico launches 'Cadillac' of mining world

BY WILLIAM CHISLETT IN MEXICO

LA CARDAD, the world's second largest open-pit copper mine, in the state of Sonora, North Mexico, was inaugurated last weekend by Sr. Jose Lopez Portillo, Mexico's President.

The \$511m complex in arid, mountainous terrain, will start at 25 per cent of its 7,200 tonnes of ore a day capacity.

Mexican state-owned and 56 per cent privately-owned company controlling the mine, has spent 10 years realising the project.

Oil, meal prices likely to fall

PRICES for oilseeds, oils, fats and oilmeals are likely to decline considerably during June and July.

Accra rising report lifts cocoa

By Our Commodities Staff

NEWS OF an attempted uprising in Ghana and possible disruption of trade between the UK and Nigeria lifted an upsurge in cocoa futures prices on the London terminal market yesterday.

The nearby July position closed 236.5 higher at £1,689 a tonne, while September cocoa ended the day at £1,716.5 a tonne, up 229 on Friday's close.

An announcement on Accra radio that an uprising had been thwarted failed to dissipate the unease in London markets, and traders were also disturbed by Press reports that UK-Nigerian trade could suffer if Britain recognised the government of Zimbabwe-Rhodesia.

In Manila, Mr. Paul Leong, Malaysia's Primary Industries Minister, claimed his country's cocoa output would rise 10-fold by the end of the century.

By his figures on assumed yields of 1,200 to 1,500 pounds an acre compared with 395 pounds in Ghana at present, he said Malaysian production would climb to 195,000 tonnes from 19,000 tonnes last year.

Cocoa and palm oil, both more profitable than the traditional rubber, are being attracted by the bulk of new investment cash, Mr. Leong said.

Only wages, not expected to be negotiated before December, should remain stable for the rest of the year.

By way of compensation, prices for main farm commodities are expected to remain firm.

EEC subsidies 'reduce U.S. wheat exports'

WASHINGTON

Officials in the U.S. Special Trade Representative's office announced the U.S. has found that the European community's use of wheat export subsidies has...

Japan to ban whale imports

BY CHRISTOPHER PARKES

TOKYO - Japan will shortly ban imports of whale meat and oil from countries outside the 19-nation International Whaling Commission, according to the Agriculture Ministry.

Producers seek tin pact price changes

BY OUR COMMODITIES STAFF

MANILA - The world's leading tin producing countries will press for higher tin prices at a meeting of the International Tin Council meeting in London next month.

EEC subsidies 'reduce U.S. wheat exports'

WASHINGTON

Officials in the U.S. Special Trade Representative's office announced the U.S. has found that the European community's use of wheat export subsidies has...

BRITISH COMMODITY MARKETS

BASE METALS

Table with columns for metal types (Copper, Tin, Zinc, Lead, Nickel, Silver, Aluminium, Iron, Steel, Coal, Oil, Gas, Wheat, etc.) and their prices in various units.

COFFEE

Table showing coffee prices for various grades (Arabica, Robusta) and origins (Brazil, Colombia, etc.) with columns for price, change, and business days.

PRICE CHANGES

Table listing price changes for various commodities including metals, oils, and grains, with columns for item name, price, and change.

AMERICAN MARKETS

Table showing American market prices for various commodities like metals, oils, and grains, with columns for item name, price, and change.

G. Index Limited 01-5131 3466. Sept. Coffee 1850-1866

- 1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

INSURANCE BASE RATES

Property Growth 11.9%
Vanbrugh Guarantees 11.9%
Addresses shown under Insurance and Property Bond Table.

HOLIDAY ACCOMMODATION

PERSONAL
After their husbands have gone must war widows carry on the fight?

SCOTTISH BORDER

Top quality furnished cottages on private estate in Tweed valley near Coldstream. Beautiful unspoilt country. Salmon and trout fishing.

Prescot Commodities Ltd

6 Bloomsbury Square, London WC1A 2LP. Telephone: 01-242 2142. Telex: 23110.

GRAINS

Table showing grain prices for wheat, barley, and other cereals, with columns for item name, price, and change.

SUGAR

Table showing sugar prices for various grades and origins, with columns for item name, price, and change.

WHEAT

Table showing wheat prices for various grades and origins, with columns for item name, price, and change.

WOOL FUTURES

Table showing wool futures prices for various grades and origins, with columns for item name, price, and change.

COCOA

Sheet covering caused cocoa futures to move limit up in tin trading conditions.

INDICES

Table showing various financial indices like Dow Jones, FTSE 100, etc., with columns for index name, current value, and change.

MEAT/VEGETABLES

Table showing meat and vegetable prices for various types of meat and produce, with columns for item name, price, and change.

TEA AUCTION

TEA-2331 packages were delayed at yesterday's London auction. Colour Assams were well supported but prices were mixed.

Plan to boost Burma rubber

BY OUR OWN CORRESPONDENT
RANGOON - Burma has launched a four-year programme to rehabilitate its rubber industry.

LONDON STOCK EXCHANGE

Companies and Markets

Adverse background influences drag equities lower before technical rally reduces losses after-hours

Account Dealing Dates
Option
*First Declared Last Account Dealing Dates
May 21 June 1 June 12 June 14 June 14 June 25 June 18 June 28 June 28 July 10

several pence. The FT 30-share index measured this decline with a loss of 7.5 at 11 am. although part of the fall was accounted for by Beecham, Boots and Courtauld being quoted ex their respective dividends.
Subsequently, the tendency settled and late in the afternoon a good technical recovery developed which continued after-hours and the index was at 210.9 finally only a net 2.8 down with 1.4 of the loss attributed to the dividend deductions of the above-mentioned stocks.

Following the chairman's further strong rejection of the bid from Harris Queensway. Time Products hardened 2 to 24 1/2 on Press comment and Belfort of London edged forward a penny to 99 1/2 for a similar reason. Renewed speculative demand on bid hopes lifted Moss Bros. 3 more to 280p. The chairman's revelation in his annual report that the group incurred a loss in the first quarter of the current year left Cape Sports wear 3 off at 52p while, among the leaders, UDS dipped 3 1/2 to 10 1/2 and Marks and Spencer softened 2 to 11 1/2.

FINANCIAL TIMES STOCK INDICES
Table with columns for Government Securities, Fixed Interest, Industrial, Gold Mines, etc. and rows for June 5, June 4, May 31, May 29, May 23, May 22.

HIGHS AND LOWS S.E. ACTIVITY
Table with columns for High, Low, Since Compiled, and S.E. Activity.

Oil shares continued to benefit from the recent fresh round of crude oil price rises. British Petroleum pushed ahead further to close at the day's best of 1.168p, up 24p. Shell, however, were quoted ex the 100 per cent scrip issue, 3 1/2 down 3, with trade described as disappointing. Still reflecting the good first quarter results, Ultra-Trail improved 8 more to 294p. Trecorral gained 6 to 234p and Lascamo rose 15 further to 780p, while Burmah firmed 5 to 12 1/2.

LONDON TRADED OPTIONS
Table with columns for Option, Price, Volume, etc. and rows for BP, Shell, etc.

Leading Buildings passed a quiet session and closed little changed on balance, but secondary issues displayed one or two useful improvements. A fairly brisk trade developed in Brown and Jackson which, in its slumped-down form, put on 19 to 205p. Reflecting the improved annual results, Francis Parker firmed 1 1/2 to 25 1/2. Mallinson-Denny added 2 1/2 to 66p on vague bid rumours and still reflecting the annual results, Western Brothers firmed 4 for a two-day gain in 122p. Buyers came in for Ruberoid which put on 3 to 5 1/2.

De La Rue firm
Miscellaneous
Industrial leaders got the Budget Account off to a quiet and mixed start. For the first time since the 1978-79 results were announced on May 23, Beecham moved upwards, raising 8 1/2 to 56 1/2 p, while Unilever closed a like amount better at 60 1/2. Glaxo firmed 7 to 47 1/2 but Reckitt and Colman relinquished 5 to 47 1/2 and Reed International 5 to 18 1/2. Elsewhere, small investment demand in front of today's results helped De La Rue improve 2 to 47 1/2 while renewed speculative buying on bid hopes lifted Thermal Syndicate 4 more to 180p, after 14 1/2. Press comment prompted a rise of 4 to 74p in Central Manufacturing and Trading and further buying on consideration of the company's North Sea oil interests left Cavoods up 3 more to 21 1/2. Jackson Bourne End, in which Davygrange and Rossiniro Holdings held nearly 49 per cent of the equity, jumped 1 1/2 to 160p, while improvements of 8 and 9 respectively were seen in Norman Bay, 6 1/2 and Neil and Spencer, 18 1/2. Still responding to an investment recommendation, Ricardo added 9 more to 34 1/2. IAS Carco, which recently announced that merger discussions with a subsidiary of Trafalgar House's Guard Steam Ship Company, improved 3 to 13 1/2. Byres fell 6 1/2 more to 37 1/2 on the high commission and the disappointing results. Valor encountered profit-taking after last week's good rise ahead of the results and finished 5 lower at 28p.

NEW HIGHS AND LOWS FOR 1979
Table with columns for Share, High, Low, and various company names.

STOCK EXCHANGE BUSINESS LAST MONTH

Improvement in equities: gilt-edged decline

which compares with last year's monthly average of 369.2. Gilt-edged prices, after a bright start, drifted lower during the month on concern about inflation, both at home and in the U.S. and other economic pressures which faced the Tory administration particularly regarding meeting its manifesto promise to cut both taxation and public spending.

OPTIONS

DEALING DATES
Table with columns for Deal, Declared, Settlement, etc.

ACTIVE STOCKS

Table with columns for Stock, Denominations, Closing price, etc.

RECENT ISSUES

Table with columns for Issue, Price, etc.

FIXED INTEREST STOCKS

Table with columns for Issue, Price, etc.

"RIGHTS" OFFERS

Table with columns for Issue, Price, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Table with columns for Index No., Day's Change, etc. and rows for CAPITAL GOODS, CONTRACTING, etc.

Calcutta port investment

A Rs 1bn (£60m) modernisation plan has been drawn up by Calcutta Port Trust. Authorities, spread over the next five years. As the first phase of this programme, the Port Trust Authorities propose to replace a large proportion of cranes, locomotives and machine shop equipment which are considered obsolete.

obsole character of a fair part of the equipment the traffic volume dropped to 87m tonnes. Commissioning of the Haldia auxiliary port has improved the total cargo handling capacity but only by about 1m tonnes. To get to the level of 11m tonnes substantial modernisation of the facilities of Calcutta port are immediately needed. Hence the modernisation programme and the plan to replace a large part of the port equipment immediately.

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including columns for Name, Manager, and various performance metrics.

Table listing various fund managers and their associated unit trusts, such as 'Master Fund Managers Ltd.' and 'Prudential Portfolio Mgrs. Ltd.'.

Table listing more fund managers and unit trusts, including 'Schlesinger Trust Mgrs. Ltd.' and 'Tower Unit Trust Mgmt. Ltd.'.

Table listing offshore and overseas funds, including 'Alexander Fund', 'Kemp-Jones Overseas Fund', and 'Keyser Ullmann Ltd.'.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bond companies and their products, such as 'Abnely Life Assurance Co. Ltd.' and 'Crown Life Assurance Co. Ltd.'.

Table listing insurance and property bond companies and their products, including 'Lloyds Life Assurance Co. Ltd.' and 'Prudential Pensions Limited'.

NOTES: Information regarding the accuracy and use of the data provided in the tables.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

INSURANCE—Continued

Table of insurance companies such as British Overseas Insurance, Commercial Union Assurance, and others.

PROPERTY—Continued

Table of property-related stocks and companies, including various real estate and construction firms.

INVESTMENT TRUSTS—Cont.

Table of investment trusts and funds, detailing their assets and performance.

FINANCE, LAND—Continued

Table of finance and land-related stocks, including banks and financial institutions.

NOMURA The Nomura Securities Co., Ltd. advertisement with contact information for London and other offices.

MINES—Continued

Table of mining stocks, categorized into Australian and Tins, listing various mineral extraction companies.

COPPER

Small table listing copper-related stocks and their prices.

MISCELLANEOUS

Small table listing miscellaneous stocks and commodities.

NOTES

Notes section providing detailed information about various financial instruments, including interest rates and market conditions.

REGIONAL MARKETS

Table showing regional market data for various countries and regions, including stock indices and exchange rates.

OPTIONS

3-month Call Rates

Table of 3-month call rates for various financial instruments and currencies.

INSURANCE

Small table of insurance-related data at the bottom left of the page.

PROPERTY

Small table of property-related data at the bottom left of the page.

TRUSTS, FINANCE, LAND

Small table of trusts, finance, and land-related data at the bottom left of the page.

FINANCE, LAND, etc.

Small table of finance, land, and other data at the bottom left of the page.

FINANCE

Small table of finance-related data at the bottom left of the page.

DIAMOND AND PLATINUM

Small table of diamond and platinum-related data at the bottom left of the page.

CENTRAL AFRICAN

Small table of Central African market data at the bottom left of the page.



Hull for your next expansion. New Development Opportunities brochure. Director of Industrial Development, Kingston upon Hull.

Italy Communists face setback

BY PAUL BETTS IN ROME

EARLY RESULTS in the Italian general election appeared to show last night a setback for the Communists, the largest Communist Party in the West. The party's fall could be between 3 and 4 per cent, according to computer projections...

no relevant shift in its position in the Senate. Though turnout at the polls, 90.1 per cent was exceptionally high by European standards, it was the lowest turnout in an Italian General Election since 1948...

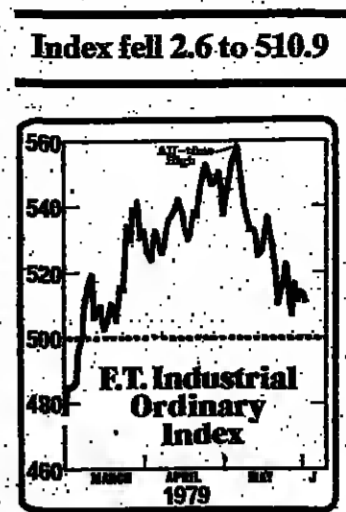
night was on the apparent Communist setback, the process of forming a Government never easy in Italy, will still effectively depend on them. They have clearly not been given the popular mandate they sought for entry into Government...

eventually into Government, which was unveiled at the celebrated Milan Congress in March 1972. This policy has never been fully accepted in the party's central committees. If the final results confirm the early trends, it seems...

oil Italian governing formula of the late and charismatic Christian Democratic leader Sig. Alcide de Gasperi, which saw his party sharing government with the smaller lay parties. A new Parliament, Italy's eighth since the war, will be convened on June 20 to elect new Presidents of the Senate...

THE LEX COLUMN Airways victory roll costs 3p

Next week's Budget looms, but the gilt-edged market has to cross several foothills first. Today's banking figures by all accounts are going to be had with estimates ranging between 1 and 2 per cent growth in eligible liabilities. The authorities sold over £2bn of gilts during the May banking month...



Indeed, the airy calculation was being made yesterday that £300m had been added to the value of the movement. RIP Debenture Corporation, your sacrifice was not in vain.

As equity, the takeover of EAB would take Aurora's net debt to over 30 per cent of share-holding value—yesterday it was buying shares for cash, and EAB is a highly-g geared company. Against this Aurora claims that EAB's working capital alone could be trimmed by £4m...

From today, the Financial Times will be publishing a much more reliable guide to the daily level of Stock Exchange activity than was possible under the antiquated system of counting the number of bargains made each day.

Aurora bids for Edgar Allen Balfour

By Christine Moir AURORA HOLDINGS, the fast-growing Sheffield specialist engineering group, has bid for another Sheffield special steels company just a year after its successful takeover of Samuel Osborn.

Yesterday it announced a £12.8m surprise bid for Edgar Allen Balfour after a lightning raid in the stockmarket which left Aurora with just under 30 per cent of the shares. N. M. Rothschild, Aurora's advisers, are underwriting a 69.55p cash offer for each Balfour share...

There is also a share alternative of 50 84 per cent convertible cumulative redeemable £1 preference shares plus 23 ordinary shares in Aurora for every 100 Balfour shares. On yesterday's closing price for Aurora—down 3p to 87p—this is worth 70p per share if the preference shares are valued at 60p.

Coffee prices up

BY RICHARD MOONEY COFFEE PRICES climbed to their highest levels for a year on the London market yesterday in the face of gloomy Brazilian crop reports after last week's frost. The September delivery quotation rose £109.5 to £1,358 a tonne taking the rise in the past week to £350.

Banks reluctant to aid Egypt

BY JOHN EVANS

MANY WESTERN commercial banks appear reluctant to provide alternative sources of finance for Egypt because they fear possible retaliation by Arab oil exporting nations. Egypt, after signing the peace treaty with Israel, has been subject to an economic and political boycott by the Arab world which cut off new aid from the oil-exporters.

Several Arab banks, led by the Paris-based Al-Ubaq group, have already dropped recent plans to mount a \$250m Euro-currency financing for the Central Bank of Egypt. Egypt now wants to revive the transaction on the basis of a smaller \$100m loan for Egypt.

Air, the State airline. But the concern of Western bankers has been intensified by the recent surge in oil prices, which promises to increase substantially the disposable surplus revenues of OPEC countries and thus the funds they can inject into the Western banking system.

The Cairo Government, since it was cut off from Arab sources of aid, has clearly become more dependent on Western financial help, both from Governments and commercial banks. Nevertheless, banks also have doubts about Egypt's basic creditworthiness, and recall that the country has in the past

Capital spending rise forecast

BY DAVID FREUD

CAPITAL SPENDING by manufacturing industry should increase this year in spite of a decline in the first quarter, according to the latest Department of industry intentions survey published yesterday. The survey finds that investment is likely to increase by between 2 and 5 per cent this year, slightly less than the 4 to 8 per cent figure in the survey released at the beginning of the year. Nevertheless, after leasing is taken into account, the predicted out-turn for 1979 is still nearly 5 per cent above the outcome in 1970—which was the peak year for capital spending attributed to manufacturing industry.

INDUSTRY'S CAPITAL INVESTMENT (£m at 1975 prices). Table with columns for Manufacturing and Distribution and services (excluding shipping) for years 1970-1979.

cent below the investment level of the previous three months may not emerge with such force. The Department of Industry estimates that investment in April-June would have to total £1.6bn in 1979 prices—5.5 per cent above the first-quarter level—for the intentions survey to be borne out, followed by rises of 2 per cent in each of the subsequent quarters. This would bring investment up to about £4bn for the

found it difficult to obtain commercial sources of finance. Various alternatives are said to be available for raising \$100m credit, including a bigger role by the U.S. Export-Import Bank, which would reduce the amount of commercial banking financing necessary. The funds will be used to buy U.S. civil aircraft. Some banks are also reluctant to go ahead with this loan while the status of an outstanding \$550m credit for Egypt raised in 1977 is in doubt.

This loan was specially guaranteed by the Gulf Organisation for the Development of Egypt, the institution formed by Saudi Arabia, Kuwait, and UAE and Qatar to support the Egyptian economy. In the wake of the boycott, the organisation froze its financial support for projects in Egypt. According to Arab Press reports, it stated that it was under no obligation to make any payments related to the projects.

year, plus another £400m-£450m on leased items which are classified to the service sector on the basis of the ownership of the assets. The current prices the 1979 investment would total about £1.75bn, or roughly £74m when leasing is taken into account. Whether or not this total is achieved, the Department forecasts that the outlook for 1980 is for a slight fall, in line with previous experience which has never seen an investment rise for more than three consecutive years.

Some banks are also reluctant to go ahead with this loan while the status of an outstanding \$550m credit for Egypt raised in 1977 is in doubt. This loan was specially guaranteed by the Gulf Organisation for the Development of Egypt, the institution formed by Saudi Arabia, Kuwait, and UAE and Qatar to support the Egyptian economy. In the wake of the boycott, the organisation froze its financial support for projects in Egypt.

Late drive to boost Labour poll turnout

By Richard Evans, Lobby Editor

AN ELEVENTH hour attempt is being launched by Mr. James Callaghan today to attract a reasonable Labour turnout in Thursday's direct elections to the European Parliament and to stave off what could be a humiliating defeat at the hands of the Conservatives. In a message to all Labour candidates, the former Prime Minister argues that a Tory Government at Westminster makes it all the more important for Labour to be well represented in the European Parliament: only Labour members in the new assembly would faithfully represent the views of the British people.

Asian dollar market tops \$30bn level

TOTAL ASSETS of the Asian dollar market exceeded \$30bn for the first time in April, rising by \$217.1m to \$30,076m, Renter reports from Singapore. This followed a \$2,046m rise to \$29,859m in March. The stronger growth last month reflected the winding-down of window-dressing positions of the previous month, the Monetary Authority of Singapore (MAS) said in its latest monthly bulletin. Total assets at the end of April, 1978, amounted to \$21,829m, MAS said. Lending to non-bank customers picked up despite the firmer U.S. dollar, rising to \$6,939m in April.

British Rail cuts Reserves

The British National Oil Corporation to raise their prices. The increases have been caused by the sharp rise in prices charges by the African members of the Organisation of Petroleum Exporting Countries to which North Sea prices are unofficially linked. The Flotta blend produced from the Piper and Claymore fields has risen by \$2.45 to \$20.00-£20.10 a barrel. BP's Forties crude has risen to \$20.75 a barrel, a rise of 48 per cent since the end of last year. The Brent system blend of Thistle and Dundin Field crudes has risen to \$20.70-£20.75 a barrel, while the Ninian blend from the Ninian and Heather fields is priced at about \$20.50 a barrel.

Strong dollar allows U.S. to repay debt

BY DAVID LASCELES IN NEW YORK

THE U.S. dollar's new-found strength enabled the U.S. to cut its market intervention dramatically and repay all its swap debt in the February-April quarter the Federal Reserve Bank of New York reported last night. According to its latest quarterly report, the Fed and the Treasury between them repaid \$6.13bn in foreign currencies during the period, a sharp reduction in the need to prop up the dollar. The Fed's sales of D-marks, Swiss francs and yen totalled only \$456m compared with \$2.5bn in the August-October quarter of 1978, and a record \$6.7bn in the quarter after that when the dollar crisis was at its height. These sales had been made early in the quarter, the report said. "During the quarter the dollar came into increasingly heavy demand, reflecting growing confidence in the U.S. and foreign governments' efforts to correct what had become an excessive decline in the dollar." In the period under review, the dollar advanced 1 per cent against the mark and Swiss franc, and 10 per cent against the yen. Overall, gross market intervention in the quarter by major central banks totalled a record \$38bn, the Fed calculated, compared with a previous record of \$33bn in the last quarter of 1978.

Weather section with UK TODAY and WORLDWIDE weather forecasts for various locations like London, S.E., Cent. S., E. England, etc.

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Handwritten signature or note at the bottom of the page.